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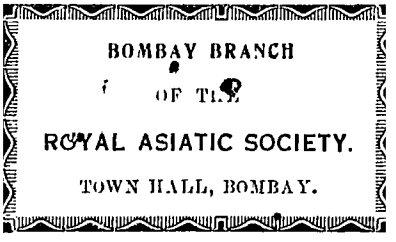

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WAR INJURIES COMPENSATION INSURANCE

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ACT, SCHEME AND RULES, 1943.

PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI.
1943
Price annas 3 or 4d.

CONTENTS

		Pages.
1.	Introduction	1—4
2.	The War Injuries (Compensation Insurance) Act, 1943	5—11
3.	The Scheme under the Act	12—26
4.	The Rules under the Act	26—28
5.	List of Government Agents	28—30

INTRODUCTION.

The object of the War Injuries (Compensation Insurance) Act is to impose on the employers concerned an obligation to pay compensation in respect of war injuries to the following classes of workmen, calculated to amount approximately to the difference between the amount paid by the Government under the War Injuries Scheme and the amount which would have been payable under the Workmen's Compensation Act, if the war injury had given a right to compensation thereunder.

(a) Workmen employed in any employment or class of employment to which the Essential Services (Maintenance) Ordinance, 1941 (XI of 1941), has been declared under section 3 of that Ordnance to apply whether such declaration is or is not subsequently revoked.

(b) Workmen employed in any factory as defined in clause (*j*) of section 2 of the Factories Act, 1934 (XXV of 1934).

(c) Workmen employed in any mine within the meaning of the Indian Mines Act, 1923 (IV of 1923).

(d) Workmen employed in any major port.

(e) Workmen employed on any estate which is maintained for the purposes of growing cinchona, coffee, rubber or tea, and on which on any one day in the preceding twelve months twenty-five or more persons have been employed as workmen.

(f) Workmen employed in any employment specified in this behalf by the Central Government by notification in the official Gazette.

Under Section 4 of the War Injuries Ordinance, 1941, whatever liability an employer may have had under the Workmen's Compensation Act, 1923, in respect of war injuries or war service injuries, was removed. The present Act now imposes on employers of workmen mentioned above a special liability to pay compensation in respect of war injuries. The amount of compensation provided for in the Act is roughly such as would bring up the relief paid by Government under the War Injuries Scheme, to the appropriate level of compensation which would be payable if the provisions of the Workmen's Compensation Act had applied. Where the monthly wages of a workman are more than Rs. 300 the compensation payable under the Act is the amount payable in the case of a workman whose monthly wages are more than Rs. 200.

It is possible that some employers may have voluntarily undertaken to pay compensation in respect of some of their employees on a scale even higher than what is provided for in the Act. A provision has, therefore, been made in section 4 of the Act limiting the right of workmen to receive compensation otherwise than under the Act and under the War Injuries Scheme, to so much only of compensation as exceeds the amount of compensation payable under the Act.

Insurance of Liability.

Every employer other than a contractor whose contract is of less than one month in duration, to whom the Act applies is required to take out a policy of insurance from the Central Government and this policy will insure him until the termination of the present hostilities or until the date he ceases to be an employer, if such date is earlier.

The provisions for compulsory insurance are naturally not made binding on the Crown; nor will they bind any Federal Railway unless the Central Government orders otherwise by notification in the official Gazette.

Insurance business in respect of liabilities for insurance under the Act is prohibited otherwise than by agents authorised by the Central Government. These Agents will collect on behalf of the Central Government the premiums from employers. A list of Agents will be found at pages 28-30 of this book.

Amount of Premiums.

The scheme of the Act is that the total amount of premium will be fixed finally after the termination of the hostilities. The total premium will be assessed as a percentage on the total wage bill of an employer for four complete 'quarters' immediately preceding the termination of hostilities.

Advance payment against this final total premium will, however, be recovered from employers. Such periodic payments shall not be more frequent than once in each quarter of a year.

Under the Act the first of such payments shall not exceed 4 annas per Rs. 100 of the wage bill for the period by reference to which the amount of the payment is fixed. Clause 8 of the Scheme fixes the amount of the first premium at 4 annas per Rs. 100 of the wage bill.

As regards subsequent periodic payments, there is an important limitation on their rate: "The rate of any periodic payment after the first shall not be higher than the rate estimated to raise the amount in the Fund after repayment of the advances, if any, paid into the Fund by the Central Government under sub-section (2) of section 11, to a sum of Rs. 15 lakhs".

In order not to prejudice the payment of claims, if the amount in the insurance fund is not sufficient at any time, the Central Government is required to pay into the Fund as an advance out of general revenues, such amount as the Central Government considers necessary.

How to Insure.

Every employer required to take out a policy of insurance must apply for insurance to a Government Agent or to such Officer as may be authorised by a Government Agent in this behalf. Such application shall be made—

(a) if the employer had been an employer for one complete quarter before the 1st January 1944, then on or after 10th January 1944 and not later than 9th February 1944;

(b) in all other cases, within one month of the employer's having been an employer for one quarter.

Wage Bill.

Wages are defined in the Act to have the same meaning as in the Workmen's Compensation Act and this definition will govern the amount of compensation which would be payable in any individual case. The Act, however, gives the Central Government power to prescribe by rules the principles to be followed in ascertaining the total wages bill of employers "including provisions for the exclusion therefrom of certain elements" included in the definition of wages.

Rule 3 of the rules made under the Act provides that the wage bill for the purposes of calculating premiums shall include all *cash* wages excluding allowances, if any, given on account of increased cost of living. The amount of premium will be calculated with reference to this wage bill.

Principals and Contractors.

The Act provides that the liabilities of a contractor whether he lends or lets on hire the services of workmen or executes any work for a principal employer shall not be transferred to the principal employer. The principal employer will only be required to furnish the necessary information regarding the terms of his arrangement or contract with the contractor. In this respect, the Act makes a departure from the provisions of the Workmen's Compensation Act. The latter Act imposes on the principal employer, by virtue of the definition of an

'employer', liabilities in respect of workmen whose services are lent or let on hire to him. That Act also imposes on the principal employer himself, the primary liability for payment of compensation in respect of contractor's workmen, giving him however the right to indemnify himself from the contractor who executes any work for the principal.

The War Injuries (Compensation Insurance) Act does not impose on the principal employer any liability to pay compensation in respect of workmen employed by contractors.

The Act further provides that it shall not be necessary for the contractor to insure against the liabilities imposed by the Act where the contract or arrangement is for a term of less than a month. As will be clear from other provisions of the Act, although the workman may be employed for a short term the interests of the workman who sustains injuries, or in the event of his death, of his dependants, are preserved. Compensation in this respect will be payable directly out of the insurance fund, although no insurance of the liability of the employer is necessary in this respect.

The liabilities of the contractor and the principal have been defined in clause 21 of the Scheme as follows:—

"*The contractor.*—(a) The contractor shall be under an obligation in like manner as if he were any other employer for insuring the workmen working under him.

(b) The contractor shall be responsible for informing the principal of the name of the Government Agent with whom he intends to insure.

The principal.—The principal shall be responsible for bringing to the notice of the Government Agent with whom he has insured the existence of any contractors working under him. The principal will not be responsible for the accuracy of figures included in the applications made by the character."

The Insurance Fund.

The War Injuries Compensation Insurance Fund will consist of all sums received by way of insurance premiums or by way of payments made on compositions of offences or by way of expenses or compensation awarded by the Court out of any fine imposed under the Act or by way of penalties imposed under the Scheme. The Fund will be utilised to pay sums required for the payment of compensation to workmen, for the remuneration or expenses of agents employed for the insurance scheme and for payment of the cost of administering the Scheme. The Fund cannot be utilised to pay compensation to workmen employed by the Crown for the obvious reason that the Crown is not required to pay insurance premiums in respect of such workmen. As stated earlier the Central Government is required to make advances to the Fund when the amount standing to the credit of the Fund is not adequate for the purposes of the Act or the Scheme.

The Act makes an important provision regarding the balances in the Fund: "If when all payments which have to be made out of the Fund have been defrayed any balance remains in the Fund, the balance shall be constituted into a Fund to be utilised and administered by the Central Government for the benefit of workmen".

Assessment of Claims and Payment of Compensation.

The compensation payable under the Act will be only in respect of war injuries for which provision for basic relief is already made in the War Injuries Scheme. As every case of compensation under the Act must already have been a case of relief under the War Injuries Scheme, the work of assessment of claims can easily be done by the "Claims Officers" under the War Injuries Scheme. The War Injuries Compensation Insurance Scheme therefore provides that the

same "Claims Officer" as would make decisions under the War Injuries Scheme should decide applications for compensation under the present Act.

The Scheme also specifies that the compensation payable under this Act may be withheld, cancelled, reduced or reviewed, if the award under the War Injuries Scheme is withheld, cancelled, reduced or reviewed, the appropriate authorities under both Schemes being the same.

Thus the same machinery as administers the War Injuries Scheme will be utilised for the purpose of the War Injuries Compensation Insurance Scheme.

As regards payment of compensation, payments will be made at Post Offices or through Government Treasuries.

A provision is made for the payment of compensation by instalments. (Clause 17 of the Scheme).

Application to Indian States.

If an Indian State makes provisions substantially corresponding to the provisions of the Act, the Central Government is empowered by the Act to declare, by notification in the official Gazette, that Section 21 of the Act shall apply to that State. On the application of that Section, the Scheme made under the Act shall extend to the undertaking by the Central Government in respect of employers in that State of the same liability in the same manner to the same extent and subject to the same conditions as if such employers were in British India.

WAR INJURIES (COMPENSATION INSURANCE) ACT, 1943

(ACT No. XXIII OF 1943.)

[2nd September 1943.]

An Act to impose on employers a liability to pay compensation to workmen sustaining war injuries and to provide for the insurance of employers against such liability.

WHEREAS it is expedient to impose on employers a liability to pay compensation to workmen sustaining war injuries and to provide for the insurance of employers against such liability;

It is hereby enacted as follows:—

1. *Short title, extent and commencement.*—(*1*) This Act may be called the War Injuries (Compensation Insurance) Act, 1943.

(*2*) It extends to the whole of British India, and applies also to British subjects in any part of India.

(*3*) It shall come into force on such date* as the Central Government may, by notification in the official Gazette, appoint.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context,—

(*a*) "adult" and "minor" have the meanings assigned to those expressions in the Workmen's Compensation Act, 1923 (VIII of 1923);

(*b*) "employer" includes any body of persons whether incorporated or not and any managing agent of an employer and the legal representative of a deceased employer, and when the services of a workman are temporarily lent or let on hire to another person by the person with whom the workman has entered into a contract of service or apprenticeship, means the latter person while the workman is working for that other person;

(*c*) "the Fund" means the War Injuries Compensation Insurance Fund constituted under section 11;

(*d*) "gainfully occupied person" and "war injury" have the meanings assigned to those expressions in the War Injuries Ordinance, 1941 (VII of 1941);

(*e*) "partial disablement" means, where the disablement is of a temporary nature such disablement as reduces the earning capacity of a workman in any employment in which he was engaged at the time the injury was sustained, and where the disablement is of a permanent nature, such disablement as reduces his earning capacity in any employment which he was capable of undertaking at that time:

Provided that every injury specified in items 2 to 9 of the Schedule shall be deemed to result in permanent partial disablement;

(*f*) "prescribed" means prescribed by rules made under section 20;

(*g*) "total disablement" means such disablement, whether of a temporary or permanent nature, as incapacitates a workman for all work which he was capable of performing at the time the injury was sustained:

Provided that permanent total disablement shall be deemed to result from the permanent total loss of the sight of both eyes or from an injury specified in item 1 of the Schedule or from any combination of injuries specified in items 2 to 9 of the Schedule where the aggregate percentage of disability as specified in that Schedule against those injuries amounts to one hundred per cent.;

(*h*) the "Scheme" means the War Injuries Compensation Insurance Scheme referred to in sub-section (*1*) of section 7;

(*i*) "wages" means wages as defined in the Workmen's Compensation Act, 1923 (VIII of 1923), and "monthly wages" has the meaning assigned to that expression by section 5 of the Workmen's Compensation Act, 1923 (VIII of 1923), and shall be calculated for the purposes of this Act in the manner laid down in that section;

(*j*) "workman" means any person (other than a person whose employment is of a casual nature and who is employed otherwise than for the purposes of

*This Act came into force with effect from 16th November 1943 *vide* Government of India, Labour Department Notification No. L-WIS-828, dated 16th November 1943.

the employers' trade or business) who is employed in any of the employments specified in section 6.

3. *Compensation payable under the Act by whom and how payable.*—(*1*) There shall, subject to such conditions as may be specified in the Scheme, be payable by an employer, in respect of a war injury sustained by a gainfully occupied person who is a workman to whom this Act applies, compensation, in addition to any relief provided under the War Injuries Ordinance, 1941 (VII of 1941), of the amount and kind provided by section 5:

Provided that where an employer has taken out a policy of insurance as required by sub-section (*1*) of section 9 and has made all payments by way of premium thereon which are subsequently due from him in accordance with the provisions of the Scheme, or where by the provisions of sub-section (*2*) of section 12 the employer is not required to insure, the Central Government shall assume and discharge on behalf of the employer the employer's liability to pay compensation under this sub-section.

(*2*) The compensation payable under this Act shall be payable in accordance with the provisions made in this behalf contained in the Scheme.

(*3*) This section shall be binding on the Crown.

4. *Limitation on right to receive compensation otherwise than under this Act and Ordinance VII of 1941.*—Where any person has a right apart from the provisions of this Act and of the War Injuries Ordinance, 1941 (VII of 1941), to receive compensation (whether in the form of gratuity, pension, compassionate payment or otherwise) or damages from an employer in respect of a war injury in respect of which compensation is payable under this Act, the right shall extend only to so much of such compensation or damages as exceeds the amount of compensation payable under this Act.

5. *Amount of compensation.*—(*1*) The compensation payable under this Act shall be as follows, namely:—

(*a*) where death results from the injury—

(*i*) in the case of an adult—the amount payable in a like case under the Workmen's Compensation Act, 1923 (VIII of 1923), reduced by seven hundred and twenty rupees, and

(*ii*) in the case of a minor—two hundred rupees;

(*b*) where permanent total disablement results from the injury—

(*i*) in the case of an adult—the amount payable in a like case under the Workmen's Compensation Act, 1923 (VIII of 1923), reduced by one thousand and eight rupees, and

(*ii*) in the case of a minor—the monthly payment payable in a like case to an adult under the Scheme made under the War Injuries Ordinance, 1941 (VII of 1941), for so long as he remains a minor, and thereafter as in the foregoing sub-clause;

(*c*) where permanent partial disablement results from the injury—

(*i*) in the case of an injury specified in the Schedule—such percentage of the compensation which would have been payable in the case of permanent total disablement as is specified therein as being the percentage of disablement;

(*ii*) in the case of an injury not specified in the Schedule—the percentage of such compensation specified in the Schedule for a disablement held by a competent medical authority acting under the Scheme made under the War Injuries Ordinance, 1941 (VII of 1941), to be of corresponding degree;

(*iii*) where more injuries than one are sustained—the aggregate of the compensation payable in respect of those injuries, so however as not to exceed in any case the compensation which would have been payable if permanent total disability had resulted from the injuries;

(*d*) where temporary disablement, whether total or partial, results from the injury—

(*i*) in the case of an adult—the half-monthly payments payable in a like case under the Workmen's Compensation Act, 1923 (VIII of 1923), reduced in each case, for so long as he receives any payment under the Scheme made under the War Injuries Ordinance, 1941 (VII of 1941), by seven rupees, and

(*ii*) in the case of a minor—the half-monthly payments payable in a like case under the Workmen's Compensation Act, 1923 (VIII of 1923), for so long as he remains a minor, and thereafter as in the foregoing sub-clause.

(*2*) Where the monthly wages of a workman are more than three hundred rupees, the compensation payable under this Act shall be the amount payable under the provisions of sub-section (*1*) in the case of a workman whose monthly wages are more than two hundred rupees.

6. *Workmen to whom the Act applies.*—The workmen to whom this Act applies are—

(*a*) workmen employed in any employment or class of employment to which the Essential Services (Maintenance) Ordinance, 1941 (XI of 1941), has been declared under section 3 of that Ordinance to apply, whether such declaration is or is not subsequently revoked;

(*b*) workmen employed in any factory as defined in clause (*j*) of section 2 of the Factories Act, 1934 (XXV of 1934);

(*c*) workmen employed in any mine within the meaning of the Indian Mines Act, 1923 (IV of 1923);

(*d*) workmen employed in any major port;

(*e*) workmen employed on any estate which is maintained for the purpose of growing cinchona, coffee, rubber or tea, and on which on any one day in the preceding twelve months twenty-five or more persons have been employed as workmen;

(*f*) workmen employed in any employment specified in this behalf by the Central Government by notification in the official Gazette.

7. *War Injuries Compensation Insurance Scheme.*—(*1*) The Central Government shall, by notification in the official Gazette, put into operation a scheme to be called the War Injuries Compensation Insurance Scheme whereby provision is made for all matters necessary to give effect to the purposes of this Act and whereby the Central Government undertakes, in relation to employers of workmen to whom this Act applies, the liabilities of insuring such employers against liabilities incurred by them to workmen under this Act and the Scheme.

(*2*) The Scheme shall secure that any liability of the Central Government as insurer under the Scheme is determined by a policy of insurance issued in the prescribed form by a person acting on behalf of the Central Government.

(*3*) The Scheme may provide that it shall come into operation or shall be deemed to have come into operation on such date as may be specified therein.

(*4*) The Scheme may be amended at any time by the Central Government.

(*5*) Without prejudice to the generality of the provisions of sub-section (*1*), the Scheme may—

(*a*) make provisions regulating the payment of the compensation payable under this Act and the Scheme, including provision for punishment by fine not exceeding one thousand rupees for the contravention of any requirement of the Scheme;

(*b*) make provisions specifying the persons to whom and the proportions and manner in which payments under this Act shall be made;

(*c*) specify conditions or circumstances which will disentitle a workman to the compensation payable under this Act, and make it an express or implied condition of any policy of insurance issued under the Scheme that the payment of compensation in defiance of such specification is not covered by the policy;

(*d*) specify the conditions or circumstances under which the compensation payable to a workman may be withheld, cancelled, reduced or reviewed if the award made under the Scheme made under the War Injuries Ordinance, 1941 (VII of 1941), is withheld, cancelled, reduced or reviewed;

(*e*) provide for cases in which an employer has of his own accord undertaken a part or the whole of the liability imposed by this Act;

(*f*) provide for the final assessment of the total premium due on a policy of insurance under the Scheme as a percentage of the total wages bill of an employer for a period of not less than twelve or more than fifteen months immediately preceding the termination of the present hostilities, and for the

assessment of the total premium due on a policy which has ceased to be in force before the termination of the present hostilities owing to the employer having gone out of business;

(*g*) provide for the recovery from an employer of the total premium due on a policy of insurance including provision for its recovery by periodic advance payments of an amount based on a percentage of his total wages bill for any prescribed period, the separate funding of the payments so made by each employer, and the eventual adjustment of the total premium as finally assessed against the total of such periodic payments:

Provided that the first of such periodic payments shall be an amount representing not more than four annas per hundred rupees of the wages bill for the period by reference to which the amount of the payment is fixed:

Provided further that such periodic payments shall not be more frequent than once in each quarter of a year:

Provided further that the rate of any periodic payment after the first shall not be higher than the rate estimated to raise the amount in the Fund after repayment of the advances, if any, paid into the Fund by the Central Government under sub-section (*2*) of section 11, to a sum of rupees fifteen lakhs.

8. *Employment of agents by the Central Government.*—The Central Government may employ or authorise the employment of any person or firm to act as its agents for any of the purposes of this Act, and may pay to persons or firms so employed such remuneration as the Central Government thinks fit.

9. *Compulsory insurance.*—(*1*) Every employer of workmen to whom this Act applies or is subsequently made applicable shall, before such date as may be prescribed, or before the expiry of such period as may be prescribed after his having first become such an employer, take out a policy of insurance issued in accordance with the Scheme, whereby he is insured until the termination of the present hostilities or until the date, if any, prior to the termination of the present hostilities at which he ceases to be an employer to whom this section applies, against all liabilities imposed on him by this Act.

(*2*) Whoever contravenes the provisions of sub-section (*1*) or, having taken out a policy of insurance as required by that sub-section, fails to make any payment by way of premium thereon which is subsequently due from him in accordance with the provisions of the Scheme shall be punishable with fine which may extend to one thousand rupees and shall also be punishable with a further fine which may extend to five hundred rupees for every day after having been so convicted on which the contravention or failure continues.

(*3*) This section shall not bind the Crown nor, unless the Central Government by notification in the Official Gazette otherwise orders, any Federal Railway.

10. *Prohibition of certain insurance business.*—(*1*) After the date on which the Scheme is put into operation no person shall, except as a person authorised by the Central Government as its agent to issue policies in pursuance of the Scheme, carry on the business of insuring employers in British India against the liabilities for insurance against which the Scheme provides.

(*2*) Nothing in sub-section (*1*) applies to any policy of insurance entered into before the date on which the Scheme is put into operation and current after that date or to any policy of insurance covering liabilities undertaken in excess of the liabilities imposed by this Act.

(*3*) Whoever contravenes the provisions of sub-section (*1*) shall be punishable with fine which may extend to five thousand rupees and with a further fine which may extend to one thousand rupees for every day after the first on which the contravention continues.

11. *War Injuries Compensation Insurance Fund.*—(*1*) The Central Government shall establish a fund for the purposes of this Act to be called the War Injuries Compensation Insurance Fund into which shall be paid all sums received by the Central Government by way of insurance premiums under the Scheme or by way of payments made on composition of offences under section 17 or by way of expenses or compensation awarded by a Court under section 545 of the Code of Criminal Procedure, 1898 (V of 1898), out of any fine imposed under

this Act, or by way of penalties imposed under the Scheme, and out of which shall be paid all sums required for the discharge by the Central Government of any of its liabilities under this Act or the Scheme, or for the payment by the Central Government of the remuneration and expenses of agents employed for the purposes of the Scheme, or for the payment by the Central Government of the costs of administering the Scheme:

Provided that no payment from the Fund shall be made in discharge of any liability of the Crown to pay compensation to workmen employed by it.

(2) If at any time the sum standing to the credit of the Fund is less than the sum for the time being necessary for the adequate discharge of the purposes of the Fund, the Central Government shall pay into the Fund as an advance out of general revenues such amount as the Central Government considers necessary.

(3) If when all payments which have to be made out of the Fund have been defrayed, any balance remains in the Fund, the balance shall be constituted into a Fund to be utilised and administered by the Central Government for the benefit of workmen.

(4) The Central Government shall prepare in such form and manner as may be prescribed and shall publish every six months an account of all sums received into and paid out of the Fund.

12. *Principals and contractors.*—(1) Where a person (in this section referred to as the principal) uses, in the course of or for the purposes of his trade or business, the services of workmen temporarily lent or let on hire to him by arrangement with another person with whom the workmen have entered into contracts of service or apprenticeship, or in the course of or for the purposes of his trade or business, contracts with any other person for the execution by or under such other person of the whole or any part of any work which is ordinarily part of the trade or business of the principal (either such other person being in this section referred to as the contractor) the principal shall obtain from the contractor the name of the agent of the Central Government acting under section 8 with whom he intends to insure, and shall report to that agent the existence of his arrangement or contract with the contractor.

(2) Notwithstanding anything elsewhere contained in this Act, in any such case as is referred to in sub-section (1), it shall not be necessary for the contractor to insure against the liabilities imposed on him by this Act in respect of workmen employed by him whose services are lent or let on hire on such an arrangement or used in the execution of work on such a contract as is referred to in sub-section (1), where the arrangement or contract is for a term of less than one month.

(3) The Scheme may make provision for the supply by a contractor to a principal of any information necessary to enable the purposes of this section to be carried out including provision for punishment by fine not exceeding one thousand rupees for the contravention of any requirement of the Scheme.

13. *Power of Central Government to obtain information.*—(1) Any person authorised in this behalf by the Central Government may, for the purpose of ascertaining whether the requirements of this Act and of the Scheme have been complied with, require any employer to submit to him such accounts, books or other documents or to furnish to him such information or to give such certificates as he may reasonably think necessary.

(2) Whoever wilfully obstructs any person in the exercise of his powers under this section or fails without reasonable excuse to comply with any request made thereunder shall, in respect of each occasion on which any such obstruction or failure takes place, be punishable with fine which may extend to one thousand rupees.

(3) Whoever in purporting to comply with his obligations under this section knowingly or recklessly makes a statement false in a material particular shall be punishable with fine which may extend to one thousand rupees.

14. *Recovery of premium unpaid.*—(1) Without prejudice to the provisions of sub-section (2) of section 9, where any person has failed to insure as or to

the full amount required by this Act and the Scheme and has thereby evaded the payment by way of premium of any money which he would have had to pay in accordance with the provisions of the Scheme, but for such failure, an officer authorised in this behalf by the Central Government may determine the amount payment of which has been so evaded, and the amount so determined shall be payable by such person and shall be recoverable from him as provided in sub-section (*2*).

(*2*). Any sum payable in accordance with the provisions of the Scheme by way of premium on a policy of insurance issued under the Scheme and any amount determined as payable under sub-section (*1*) shall be recoverable as an arrear of land-revenue.

(*3*) Any person against whom a determination is made under sub-section (*1*) may, within the prescribed period, appeal against such determination to the Central Government whose decision shall be final.

15. *Payment of compensation where employer has failed to insure.*—Where an employer has failed to take out a policy of insurance as required by sub-section (*1*) of section 9, or having taken out a policy of insurance as required by that sub-section has failed to make the payments by way of premium thereon which are subsequently due from him in accordance with the provisions of the Scheme, payment of any compensation for the payment of which he is liable under this Act may be made out of the Fund, and the sum so paid together with a penalty of such amount not exceeding the sum so paid as may be determined by an officer authorised in this behalf by the Central Government shall be recoverable from the employer as an arrear of land revenue for payment into the Fund.

16. *Limitation of prosecutions.*—No prosecution for any offence punishable under this Act shall be instituted against any person except by or with the consent of the Central Government or an authority authorised in this behalf by the Central Government.

17. *Composition of offences.*—Any offence punishable under sub-section (*2*) of section 9 may, either before or after the institution of the prosecution, be compounded by the Central Government or by any authority authorised in this behalf by the Central Government on payment for credit to the Fund of such sum as the Central Government or such authority, as the case may be, thinks fit.

18. *Bar of legal proceedings.*—(*1*) No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done under this Act.

(*2*) No suit shall be maintainable in any civil Court against the Central Government or a person acting as its agent under section 8 for the refund of any money paid or purporting to have been paid by way of premium on a policy of insurance taken out or purporting to have been taken out under this Act.

19. *Power to exempt employers.*—The Central Government shall exempt any employer from the provisions of this Act on the employer's request, if satisfied that he has before the commencement of this Act entered into a contract with insurers substantially covering the liabilities imposed on him by this Act, for so long as that contract continues.

20. *Power to make rules.*—(*1*) The Central Government may, by notification in the official Gazette, make rules to carry into effect the provisions of this Act.

(*2*) Without prejudice to the generality of the foregoing power such rules may prescribe—

(*a*) the principles to be followed in ascertaining the total wages bill of an employer, including provision for the exclusion therefrom of certain categories of wages or of certain elements included in the definition of wages;

(*b*) the form of the policies of insurance referred to in sub-section (*2*) of section 7;

(*c*) the period referred to in clause (*g*) of sub-section (*5*) of section 7:

(*d*) the associations referred to in the proviso to section 8;

(*e*) the date and the period referred to in sub-section (*1*) of section 9;

(*f*) the form of and the manner of preparing and publishing the account referred to in sub-section (*4*) of section 11;

(*g*) the periods referred to in sub-section (*3*) of section 14.

21. *Application of the Scheme to Indian States.*—(*1*) If the Central Government is satisfied that by the law of an Indian State provision has been made substantially corresponding to the provision made by this Act imposing liabilities upon employers and requiring them to take out policies of insurance covering such liabilities, the Central Government may, by notification in the official Gazette, declare that this section shall apply to that State.

(*2*) On the application of this section to any State the Scheme made under this Act shall extend to the undertaking by the Central Government in respect of employers in that State of the same liabilities in the same manner, to the same extent and subject to the same conditions as if such employers were in British India.

(*3*) On the application of this section to any State the provisions of section 10 shall be deemed to prohibit any person except a person authorised by the Central Government as its agent to issue policies in pursuance of the Scheme from carrying on after the date of the notification by which this section is applied the business of insuring employers in that State against liabilities insurance against which is provided under the Scheme.

THE SCHEDULE

[*See* sections 2 and 5 (*1*).]

Item No.	Injury.	Percentage of disability.
1	Loss of two or more limbs. Lunacy. Jacksonian epilepsy. Very severe facial disfigurement.	100
2	Loss of right arm above or at the elbow.	90
3	Severe facial disfigurement. Total loss of speech. Loss of left arm above or at the elbow. Loss of right arm below the elbow. Loss of leg at or above the knee.	70
4	Loss of left arm below the elbow. Loss of leg below the knee. Permanent total loss of hearing.	60
5	Loss of one eye. Loss of right thumb or four fingers of right hand.	50
6	Loss of all toes of both feet above knuckle. Loss of left thumb or four fingers of left hand or three fingers of right hand.	40
7	Loss of all toes of one foot above knuckle. Loss of all toes of both feet at or below knuckle.	30
8	Limited restriction of movement of joints through injury without penetration, limited function of limb through fracture. Loss of two fingers of either hand. Compound fracture of thumb or two or more fingers of either hand with impaired function.	20
9	Loss of one phalanx of thumb. Loss of index finger. Loss of great toe.	10

WAR INJURIES COMPENSATION INSURANCE SCHEME

(Govt. of India, Department of Labour Notification No. L-W.I.S. 828 (1), dated the 16th December, 1943).

In pursuance of sub-section (*1*) of section 7 of the War Injuries (Compensation Insurance) Act, 1943 (XXIII of 1943), the Central Government is pleased to make the following Scheme, namely:—

1. **Short title and commencement.**—(1) This Scheme shall be called the War Injuries Compensation Insurance Scheme.

(2) It shall be deemed to have come into force on the 16th day of November 1943.

2. **Interpretation.**—(1) The General Clauses Act, 1897 (X of 1897), applies to the interpretation of this Scheme as it applies to the interpretation of an Act or Regulation.

(2) In this Scheme unless there is anything repugnant in the subject or context,—

(a) "Act" means the War Injuries (Compensation Insurance) Act, 1943;

(b) "advance premium" means the advance payments against the total premium to be paid by an employer as required in clause 6;

(c) "Claims Officer" means the officer appointed as Claims Officer for the purposes of the Scheme made under the War Injuries Ordinance, 1941;

(d) "clause" means a clause of this Scheme;

(e) "Commissioner" means a Commissioner for Workmen's Compensation appointed under section 20 of the Workmen's Compensation Act, 1923;

(f) "compensation" means compensation payable under sections 3 and 4 of the Act;

(g) "dependant" has the meaning assigned to it in the Workmen's Compensation Act, 1923;

(h) "eligible member of a family" means (i) a widow lawfully married by a valid ceremony, (ii) father, (iii) mother, (iv) a legitimate son but not an adopted son, (v) a legitimate daughter but not an adopted daughter, and (vi) any other dependant to whom the Claims Officer thinks that compensation should be payable;

(i) "Form" means a form appended to this Scheme;

(j) "Government Agent" means any person or firm employed under section 8 to act as agent of the Central Government for any of the purposes of the Act;

(k) "policy" means a policy of insurance issued under this Scheme;

(l) "qualifying injury" means a war injury sustained by a gainfully occupied person in respect of which compensation is payable under section 3 of the Act;

(m) "quarter" means a period of three months, commencing on the first day of April, July, October or January, respectively;

(n) "section" means a section of the Act.

3. **Employer's obligations.**—(1) Every employer shall take out in the manner indicated in this Scheme, a policy of insurance as laid down in section 9 and pay such advance premiums as may be notified under clause 8 and such final premium as may after the conclusion of hostilities be notified under clause 6.

(2) An employer who has fulfilled such of his obligation under sub-clause (1) as have fallen due shall be entitled to have any liability for the payment of compensation incurred by him under the Act discharged on his behalf by Government out of the Fund.

(3) Where an employer has failed to fulfil such of his obligations under subclause (1) as have fallen due payment of any compensation for the payment of which he is liable under the Act shall be made out of the Fund, but any amount so paid shall be capable of being recouped from the employer in accordance with the procedure provided in that behalf in the Act.

4. **Application for insurance.**—(1) Every employer required to take out a policy of insurance under section 9 shall apply to a Government Agent or to such officer as may be authorised by a Government Agent in this behalf, for insurance.

(2) Every such application shall be made in duplicate in Form A. The amount of first advance premium shall be simultaneously remitted by bank draft, cheque, money order or postal order, or delivered in cash.

(3) Where the remittance is by cheque the amount, if any, charged by the Government Agent's bank as collection charges shall be deducted from the amount of the cheque, and the applicant given credit only for the balance.

(4) If no amount accompanies the application, or the amount accompanying falls short of the required amount, the application if otherwise in order may be kept in suspense pending the receipt of the due amount.

(5) If the application for insurance is not received in accordance with the prescribed form the remittance may be retained by the Government Agent and the application returned to the applicant for re-submission.

5. **Issue of Policy.**—The Government Agent shall issue a policy of insurance as soon as possible after the receipt of an application made under clause 4:

Provided that (1) if the advance premium is remitted by cheque the Government Agent may, in his discretion, postpone the issue of the policy, until the cheque has been cashed and (2) if the application is unaccompanied by the full advance premium required under clause 8 the Government Agent may withhold the issue of a policy until the advance is paid in full.

6. **Amount of premium.**—(a) The total premium due on a policy of insurance shall be determined by the Central Government by a notification in the official Gazette within nine months after the termination of the present hostilities.

(b) The premium will be expressed as a percentage of the wage bill of the employer.

(c) This premium, less such advance premiums as may have been recovered, will be payable by employers in such instalments as may be fixed by the Central Government. Each such instalment shall be payable to the Government Agent within 30 days of the date fixed for payment by a notification in the official Gazette.

If the advance premium already recovered exceed the total premium, then the excess shall be refunded by Government to the employer.

7. **Manner of Assessing final premium.**—For the purpose of calculating the total premium due by any employer on a policy of insurance the total wage bill of that employer for the four complete quarters preceding the date of termination of the present hostilities shall be the wage bill on which percentages will be charged:

Provided that in respect of an employer who has gone out of business before that date the period shall be the four complete quarters preceding the date on which he goes out of business.

8. **Advance of Premium.**—(1) The amount of the first advance premium against the total premium to be determined under clause 6 shall be at the rate of four annas per one hundred rupees of the wage bill.

(2) The amount of subsequent advance premiums, which shall be expressed as a percentage of the wage bill of each employer, shall be such as may be notified by the Central Government in the official Gazette and shall be payable within thirty days of the date specified in such notification.

(3) Advance premiums shall not be required more frequently than once in a quarter.

(4) All advance premiums shall have reference to the wage bill of the quarter preceding the one in which the advance premium is required to be paid.

(5) When in the opinion of the Central Government the balance in the fund is sufficient to meet the probable liabilities of the fund as at the time foreseen under the Act and this Scheme, no further advance premium shall be required by the Central Government.

(6) All advance premiums shall be paid by the employer to the Government Agent or Officer to whom the application under clause 4 is required to be made.

(7) The final premium and the advance premiums shall be calculated to the nearest anna.

(8) The Government Agent or Officer shall give a receipt in Form B for each advance premium after the first paid by the employer.

9. **Excess Compensation or Damages.**—For the purposes of section 4 the excess amount of compensation or damages which any person has a right to receive from an employer, shall be computed as follows:—

(1) In case of death or of permanent total or partial disability resulting from injury,

(a) if the compensation or damages are payable in a lump sum there shall be deducted from such sum the lump sum amount payable under the Act and 70 times the monthly rate of relief under the Scheme made under the War Injuries Ordinance, 1941;

(b) if the compensation or damages are payable in periodic amounts, there shall be deducted from the periodic payment for one month 1/70th of the lump sum compensation payable under the Act, and the whole of the monthly rate of relief under the War Injuries Scheme, 1942.

(2) In case of temporary disability resulting from the injury,

if the compensation or damages are payable in a lump sum amount, there shall be deducted from such amount 70 times the monthly rate of compensation under the Act and 70 times the monthly rate of relief under the War Injuries Scheme, 1942.

10. **Title to compensation.**—Compensation in respect of a qualifying injury sustained by a workman shall be admissible only if the injury was sustained at any time (a) on a day on which he was on duty as such workman, or (b) on a day on which he would have been on duty but for that day being a recognised holiday or day of rest or for his being casually absent from duty on account of illness, injury or other similar cause, or for any other reason which in the opinion of the Claims Officer was good and sufficient.

11. **Advance payment by employers.**—(1) The employer of a workman sustaining a qualifying injury may grant to the workman himself or in the event of his death to any person to whom compensation would be payable under the Act an advance on account of compensation not exceeding an aggregate of Rs. 100.

(2) Upon acceptance of an advance payment in accordance with sub-clause (1) the recipient thereof shall give to the employer a receipt in duplicate in Form C.

(3) An employer who wishes to claim a refund of the advance payment made by him to a workman under sub-clause (1) shall, within two weeks of making such advance, make an application in Form D therefor to the Claims Officer having jurisdiction in the area where the injury was sustained. Such an application shall be accompanied by a copy of the receipt given by the workman in Form C.

(4) So much of the aggregate amount paid under sub-clause (1) as does not exceed the compensation payable under an award made under this Scheme shall be repayable to the employer from the Fund.

(5) When making an award under this Scheme for an injury in respect of which the employer of the injured person has made an advance payment to the workman, the Claims Officer shall, on receipt of an application under sub-clause (3), make an order in Form E requiring the repayment of the advance payment to the employer, and shall reduce the award by the amount of such order.

12. **Application for Compensation.**—(1) An application for compensation under this Scheme shall be made to the Claims Officer of the area where the injury was sustained within four months after the date of sustaining the qualifying injury by any of the following persons in the manner laid down in clause 13 of this Scheme:—

(i) the workman, or

(ii) an eligible member of the workman's family, in case of the workman's death.

(2) The Claims Officer may accept an application from the employer of the workman on behalf of the workman or his family, if such officer is satisfied that it is in the interest of the workman so to do or in the event of his death, of an eligible member of the workman's family.

(3) Where the Claims Officer is satisfied that a person by whom an application should be made is for sufficient reason incapable of making the same, the Claims Officer may entertain an application made on such person's behalf by any other person.

(4) An application made after the period of four months of the date of the qualifying injury shall not be considered. But the Claims Officer, may in his discretion, if he is satisfied that the delay has been due to valid reasons, admit the application.

13. **Application for compensation by workman, employer or any person authorised in this behalf.**—(1) An application for compensation by the workman sustaining the qualifying injury shall be made in Form F to the Claims Officer through the person in charge of the hospital or dispensary where he last received or is receiving treatment, or if he has not been treated in any hospital or dispensary, through the Medical Officer of Government or the registered medical practitioner, if any, who last treated him for the injury, and shall be countersigned by such person, officer or practitioner.

(2) An application for compensation made by an eligible member of the workman's family for the workman sustaining the qualifying injury shall be in Form G.

(3) An application in respect of compensation made under sub-clause (3) of clause 12 or by an employer under sub-clause (2) of clause 12 shall be in Form H.

14. **Certification by Employer.**—(1) On receipt of an application for compensation in Form F, G or H the Claims Officer shall call on the employer to submit a return in Form I within such time as may be prescribed by the Claims Officer.

(2) An advance payment made under clause 11 shall not be refundable if not recorded in Form I.

An advance payment made after submission of Form I by the employer shall not be refundable.

15. **Award for payment of compensation.**—When an application for compensation under this Scheme is received the Claims Officer shall, after considering the reports and certificates pertaining to the case and after obtaining such other evidence, if any, as he considers necessary, make in addition to the award under the Scheme made under the War Injuries Ordinance, 1941, another award, or awards when there are several eligible members, under the provisions of this Scheme for the amount prescribed in the Act, in Form J. Before making any such further award he may give the employer an opportunity of being heard.

The Central Government may make a similar award in respect of cases in which relief has been granted under clause 45 of the Scheme made under the War Injuries Ordinance, 1941.

A signed and sealed copy of the award shall be given to the person in whose favour the award is made or to his authorised agent; a true copy shall be sent to the employer of the workman concerned together with attested specimens of thumb and finger impressions of the payee and his signature, if literate; a true copy shall be sent to the Post Office or the Government Treasury where the payment is to be made, together with attested specimens of the thumb and finger impressions of the payee and his signature, if literate; and another true copy shall be sent to the audit officer specified for this purpose by the Director General, Posts and Telegraphs, when the payment is to be made at a Post Office or by the Central Government when the payment is to be made at a Government Treasury.

(2) If an application for compensation is rejected, the reasons for such rejection shall be recorded separately and intimated to the applicant and to the reviewing authority, if any, set up under the Scheme made under the War Injuries Ordinance, 1941.

16. **Distribution of compensation.**—The amount of compensation in respect of death shall be paid and distributed by the Claims Officer in like manner as compensation in respect of a workman whose injury has resulted in death, is paid and distributed by a Commissioner under section 8 of the Workmen's Compensation Act, 1923, except that the payment shall be made through an award in Form J, under clause 15.

17. **Payment by instalments.**—(1) When compensation admissible under the Act to any person is less than or equal to three hundred rupees it shall be paid as a lump sum.

(2) When the compensation admissible under the Act to a person exceeds three hundred rupees, a part of the admissible amount up to the extent of Rs. 300 shall be paid as a lump sum and the balance shall be paid in monthly or quarterly instalments at such rate as may be prescribed by the authority making the award under clause 15 or the authority issuing directions under clause 19:

Provided that the number of instalments shall not exceed 60 in the case of monthly instalments and 20 in the case of quarterly instalments.

18. **Place of Payment.**—(1) Compensation under this Scheme shall be payable at all head and sub-post offices and such branch post offices in India as may be authorised in this behalf by the head of the circle or at a Government treasury, as the authority making the award shall direct.

(2) All such amounts shall be drawn within one month of the date when they are due. The Postmaster or the Treasury Officer concerned may, however, at his discretion make payment of full arrears within three months of the due date.

(3) All such payments shall from time to time be endorsed on the award by the Postmaster, or the Treasury Officer concerned.

19. **Power to review and alter award.**—The authority having power to withhold, cancel, review or alter an award under the Scheme made under the War Injuries Ordinance, 1941, shall issue such directions as may appear to it necessary in the circumstances of the case for the withholding, cancellation, review or alteration of the award under this Scheme in respect of the same workman:

Provided that no such direction shall be made to recover any amounts already paid under this Scheme.

20. **Exemption of Employers.**—An employer desiring to be exempted from the provisions of the Act under section 19 shall make an application to the Central Government in Form K.

21. **Submission of details by contractors.**—The liabilities under this Scheme of the contractor and the principal as defined in section 12, shall be as follows:—

The contractor.—(a) The contractor shall be under an obligation in like manner as if he were any other employer for insuring the workmen working under him.

(b) The contractor shall be responsible for informing the principal of the name of the Government Agent with whom he intends to insure.

The principal.—The principal shall be responsible for bringing to the notice of the Government Agent with whom he has insured the existence of any contractors working under him. The principal will not be responsible for the accuracy of figures included in the applications made by the contractor.

22. **Penalties.**—(1) Any person, who being responsible for the observance of any of the provisions of this Scheme, commits a breach thereof, shall be punishable for every such breach with fine which may extend to one thousand rupees and in the case of continuing breach after being convicted for such breach, with a further fine which may extend to one hundred rupees for every day subsequent to the conviction, on which the breach has continued.

(2) Any person who being required to submit a return, application or form under the provisions of this Scheme, knowingly or recklessly submits a false application, return or form, shall be punishable with fine which may extend to one thousand rupees.

FORM A

IMPORTANT:—Before completing this application form read the instructions overleaf.

GOVERNMENT OF INDIA.

WAR INJURIES (COMPENSATION INSURANCE) ACT, 1943.

Application and Wages Declaration Form.

1. Employer's Name.....
2. Business Address.....
3. Full description of Employer's trade or business . . . .
4. Industry group or groups to which the trade or business belongs (for list see para. 3 overleaf).
5. Situation of Factory, Mine or Establishment . . . .

SCHEDULE OF EMPLOYEES

All persons employed and all wages and allowances paid during the relevant preceding quarter(s) must be declared.

(For definition of "Quarter" and other instructions, see para. 12 overleaf.)

A. DIRECT employees earning Rs. 300 or less per month.

Maximum daily number of employees.	Actual wages and allowances paid during relevant quarter. Wages.	Other cash allowances (but not including cash dearness allowance).	Total wages and allowances (sum of 2 and 3).
1	2	3	4
	Rs.	Rs.	Rs.
.....			
.....			

B. DIRECT employees earning more than Rs. 300 per month.

(State the total number of persons earning more than Rs. 300 per mensem and calculate the premium on that number, multiplied by 900 for the quarter, i.e., Rs. 300 per mensem.)

Maximum daily number of employees.	Assumed wages for the relevant quarter.
.....	Rs.....

Total wages under A and B . . . . Rs.....

Advance against premium calculated to the nearest anna at .. percent Rs.....

5. Have you employed any contractor or contractors in the relevant preceeding quarter(s)? If so give:—

Name of Contractor(s).	*Period of contract.*	*Approximate number of persons employed.*
.....	.....	.....
.....	.....	.....
.....	.....	.....

(For definition of "Contractor" see para. 11 overleaf.)

To

(Here insert name of Insurance Company through whom insurance is to be or has been effected.)

(To be completed when application for insurance is first made.)

I/We warrant that the above statements and particulars are true and I/we request you to effect insurance on my/our behalf with the Government of India in terms of the prescribed standard Indemnity which I/we agree to accept.

I/We further agree that this application shall be the basis of the contract between the Governor-General in Council and myself/ourselves.

I/We send bank draft/cheque/money order/postal order/cash value Rs.....

Signature of Employer .....

Date .....

(To be completed when submitting a declaration of wages subsequent to original application.)

I/We warrant that the above statements and particulars are true and I/we send bank draft/cheque/money order/postal order/cash value Rs..... in payment of the advance against premium due on..... The number of my/our policy for the first advance against premium is.....

Signature of Employer .....

Date .....

(*Note.*—Cheques on out-station banks must include bank exchange.)

INSTRUCTIONS.

1. **Liability.**—The above Act imposes on employers of persons engaged in essential services, in factories, mines, major ports, plantations and other employments to be specified, an obligation to pay compensation in respect of war injury to their employees calculated approximately to amount to the difference between the amount paid by Government under the War Injuries Scheme and the amount which would have been payable under the Workmen's Compensation Act, 1923, if the war injury had given a right to compensation thereunder. The Act extends to the whole of British India and applies also to British subjects in any part of India.

2. **Compulsory Insurance.**—As from the 16th November 1943, all employers to whom the Act applies must insure their liability with the Central Government and the Act prescribes heavy penalties for failure to insure or failure to pay any advance against premium due or failure to pay compensation due under the Act.

3. **Employers to whom the Act applies.**—The Act applies to all employers throughout British India of persons employed in :—

(*a*) any employment or class of employment to which the Essential Services (Maintenance) Ordinance, 1941, has been declared under section 3 of that Ordinance to apply, whether such declaration is or is not subsequently revoked ;

(*b*) any factory as defined in clause (*j*) of section 2 of the Factories Act, 1934 ;

(*c*) any mine within the meaning of the Indian Mines Act, 1923 ;

(*d*) any major port as defined in the Indian Ports Act, 1908;

(*e*) any estate which is maintained for the purpose of growing cinchona, coffee, rubber or tea, and on which on any one day in the preceding twelve months twenty-five or more persons have been employed as workmen ;

(*f*) any employment specified in this behalf by the Central Government by notification in the Official Gazette.

Please indicate category or categories of employments in item 4 of the Form.

4. **Employers not required to insure.**—The following classes of employers are not required to insure under the Act :—

(*a*) The Crown [section 9 (*3*)].

(*b*) Federal Railway, unless otherwise ordered by the Central Government; [section 9 (*3*)].

(*c*) Short-term contractors, *i.e.* where the loaning or letting on hire of the services of the workman, or the execution of work, is for a term of less than one month. [section 12 (*2*)].

(*d*) Employers exempted under section 19 of the Act.

5. **Employees included.**—All direct employees, including Managers, Supervisors, Assistants, etc., and all Contractors' employees (see definition of " Contractor ") are included in the Scheme. It should be noted that all employees in the employments referred to are covered and the application of the Act is not restricted to a specific class, *e.g.*, " Workers " defined in the Factories Act.

6. **How to insure.**—The application Form overleaf should be completed and forwarded in **duplicate** to a Government Agent.

All applications, must be accompanied by a remittance to cover the prescribed advance payment against premium calculated to the nearest anna. Remittances by cheque on out-station banks must include bank exchange.

7. **Date by which policy to be taken.**—An application for taking out a policy of insurance shall be made :—

(*a*) if the employer had been an employer for one complete quarter before the 1st January 1944, then on or after 10th January 1944 and not later than 9th February 1944 ;

(*b*) in all other cases, within one month of the employer's having been an employer for one quarter.

8. **Government Agents.**—The Government of India have appointed certain Insurance Companies to act as Government Agents and to issue policies under the Scheme. If the employer is already insured in respect of his liability under the Indian Workmen's Compensation Act, it is recommended that the insurance under the War Injuries (Compensation Insurance) Act, 1943, should be arranged through the same Insurance Company.

9. **Rate of premium.**—The total premium payable will be decided by Government after the termination of hostilities when the total liability has been ascertained. In the meantime, employers will be required to pay to Government periodic advance payments against this premium and the amount of any such advance payment will be such percentage of the total wages bill as may be prescribed by Government from time to time.

The rate of first advance premium has been fixed at annas four per Rs. 100 of the wage bill.

10. **Definition of 'Wages'.**—For the purposes of computing the amount of compensation payable, ' wages ' means wages as defined in the Workmen's Compensation Act, 1923, *i.e.* " Wages " includes any privilege or benefit which is capable of being estimated in money, other than a travelling allowance or the value of any travelling concession or the contribution paid by the employer of a workman towards any pension or provident fund or a sum paid to a workman to cover any special expenses entailed on him by the nature of his employment.

For the purpose, however, of computing the ' wages bill ' on which is based the amount of premium, the total is taken only of " the gross *cash* wages of all workmen excluding all that part of gross cash wages of individual employees which exceeds Rs. 300 per month, and all allowances given against increased cost of living ".

It is the wage bill so computed that should be entered in the application form.

11. **Definition of ' Contractor '.**—Please see section 12 of the Act. Unlike the provisions of the Workmen's Compensation Act, 1923, the ' contractor,' is liable in respect of workmen whose services are temporarily lent or let on hire to another.

The liabilities of the Principal and Contractor under the Scheme are as follows :—

The Contractor.—(*a*) The contractor shall be under an obligation in like manner as if he were any other employer for insuring the workman working under him.

(*b*) The contractor shall be responsible for informing the principal of the name of the Government Agent with whom he intends to insure.

The Principal.—The principal shall be responsible for bringing to the notice of the Government Agent with whom he has insured the existence of any contractors working under him. The principal will not be responsible for the accuracy of figures included in the application made by the contractor.

12. **Definition of "Quarter".**—A "Quarter" means a period of three months commencing on the first day of April, July, October, and January.

For 'relevant quarter' for which the wages are calculated and advance of premium paid, please see clause 8 of the Scheme.

FORM B.

Receipt No.....

Quarter ending.....

RECEIVED on the ..... day of ..... 194 , from ..... the sum of Rupees ..... for advance against premium under Policy No.....dated..... on the following wages declared to have been paid during the quarter ended.....

	Total Wages and Allowances paid during the above period.
A. Employees earning less than Rs. 300 per month.	Rs. .....
B. Employees earning more than Rs. 300 per month.	Rs. .....
Total Rs.	.....

Rs.....

Dated the.....194 .

Government Agent.

FORM C

Received from ..... of ..... an advance payment of Rs. ..... (Rupees) under clause 11 of the War Injuries Compensation Insurance Scheme, with reference to the injury sustained on at by of ticket No. ....., department ..... Emplcyee of .....

In consideration of the advance, I hereby enter into the undertaking that the amount of this advance may be deducted under the provisions of the War Injuries Compensation Insurance Scheme from out of any award made (either to me or to my relatives)* in respect of the aforesaid injury sustained by deceased.

me.

Date.....

Witness .....

of .....

Signature or thumb impression of .....

Address .....

* Only when receipt is given by the injured person.

FORM D

APPLICATION FOR REFUND OF ADVANCE PAYMENTS.

To the Claims Officer for (area)

I / We, the firm of Messrs. do hereby declare that I / we have paid to whose age description and other details are given below, a sum of Rs. / an aggregate sum of Rs. as an advance payment for the injury sustained by of

ticket No. .....,

department .....,

a workman in employment under me / our firm. The advance payment was made on and a duplicate copy of the receipt is attached hereto.

I, / We, the firm of Messrs. claim a refund of the amount stated above and request you to pass an order for the repayment of the said amount to me / us at Post Office. / Govt. Treasury.

Date of application. Signature of Employer.

Particulars of the person to whom advance paid.

Name.
Relation with deceased,
in case of workman's death.
Father's name.
Age. Residence.
Caste. Profession.

FORM E

ORDER FOR REFUND TO EMPLOYER.

Claims Officer for (area).
Name of Claims Officer

Name of Employer.
Full address.
Date of application for refund.
Amount to be refunded.

Being satisfied that the sum of Rs. the amount of the advance payment made to in accordance with sub-clause (1) of clause 11 of the War Injuries Compensation Insurance Scheme by (name of employer) the employer of is due to the said employer, I direct that the said sum shall be paid to him from the War Injuries Compensation Insurance Fund at Post Office / Govt. Treasury on production of this order.

Delivered to payee Date and signature of Claims Officer.

Forwarded to the payee through the Deputy Collector/Assistant Commissioner / Collector/Deputy Commissioner of District.

Copy forwarded to the Postmaster / Treasury Officer Post Office.

FORM F

APPLICATION FOR COMPENSATION BY WORKMAN.

Claimant's full name (in capitals).

Name of Father (in the case of married woman, of husband).

Age. Date of birth.

Caste. Profession.

Residence. Nationality.

Monthly rate of wages at the time the injury was sustained.

What amount of compensation is claimed and justification for the claim.

Name of employer and his full address.

Ticket number, if any, and department in which employed.

The amount of advance, received from employer. —

Place where injury was sustained. Date of injury.

Cause of injury in detail.

Details of injury.

If taken to dispensary or hospital, which and when.

If discharged from dispensary or hospital, when.

If attended to at residence by a medical practitioner, details of place where treated and name of medical practitioner.

If any temporary allowance and/or pension is being or has been drawn by the injured person, details thereof.

The compensation may be made payable at **Post Office.** / **Govt. Treasury.**

I certify that I am not in receipt of any compensation under the War Injuries Compensation Insurance Scheme, other than that claimed above in respect of the war injury sustained by me.

I certify that the information furnished above is true to the best of my knowledge and belief.

Date (Signature of claimant or thumb impression, if illiterate).

FORM G

APPLICATION FOR COMPENSATION BY ELIGIBLE MEMBER.

Applicant's full name (in capitals).

Name of Father (in the case of married woman, of husband).

Age. Date of birth.

Caste. Profession.

Residence. Nationality.

Relationship with deceased.

Full name of the deceased (in capitals).

Place of death.

Cause of death.

Name of the employer of the deceased.

Ticket number, if any, and department in which employed.

Place of employment.

Monthly rate of wages of the workman at the time the injury was sustained or death occurred.

Was deceased attended to by A. R. P. volunteer, civic guard, police or other organisation—If so, details.

If deceased received any medical treatment, details thereof including place where received.

If deceased died in any hospital or dispensary, state details.

If not, give any other proof of death, *e.g.*, affidavits, or any certificates by a Gazetted Officer, Magistrate or Sub-Inspector of Police.

If deceased has any of the following relatives living at the time of his death, give details* in respect of each:—widow or widows, father, mother, legitimate natural son(s), legitimate natural daughter(s). State also if any has since died or whether any female relative has since married or remarried.

Date of birth Age { In the case of all eligible relatives.

Residence If staying elsewhere than with applicant state details.

In the case of daughter—whether married.

In the case of children—Guardian if any other than applicant.

If any of the said relatives or the applicant

(i) draws any other pension and/or allowance from public funds, state details as to source and amount.

(ii) holds any appointment under Government or local authority, state details and rate of emoluments.

Amount and particulars of the claim made:—

The compensation may be made payable at Post Office. / Government Treasury.

I certify that I am not in receipt of any compensation under the War Injuries Compensation Insurance Scheme other than that claimed above in respect of the War Injury sustained by the deceased.

I certify that the information furnished in the statement is true to the best of my knowledge and belief.

Date ..... (Signature of claimant or thumb impression, if illiterate.)

*** If necessary, this may be done on a sheet to be attached and signed.**

FORM H

APPLICATION BY EMPLOYERS AND OTHER PERSONS AUTHORISED IN THIS BEHALF FOR COMPENSATION

Name of applicant (if other than the employer) and full address.

Name of Employer and full address.

Name of person(s) on whose behalf application is made.

Name of workman sustaining qualifying injury.

Name of workman's father (in the case of marreid woman, of husband).

Ticket number, if any, and department in which employed.

Age of workman at the time of receiving injury.

Residence Caste

Place of qualifying injury.

Date and time of qualifying injury.

Whether the qualifying injury resulted in death or not.

If workman received or is receiving any medical treatment, details thereof including place where received.

*If workman died in hospital or dispensary, give details. If not, give any other proof of death, *e.g.*, affidavits, or any certificates by a Gazetted Officer, Magistrate or Sub-Inspector of Police.

Amount of compensation claimed.

Amount of advance, if any, already paid to workman or his dependants.

Monthly rate of wages of the workman at the time the injury was sustained or death occurred.

†Period during which the workman was employed.

Nature of employment.

†Number and date of policy taken by employer under clause 5 of the War Injuries Compensation Insurance Scheme.

I certify that to the best of my knowledge and belief no other application for compensation in respect of this injury has been made by any person and that I am acting on behalf of the workman / dependant(s) of the workman with his / their express consent.

The Compensation may be made payable at Post Office. / Government Treasury.

I also certify that the information furnished in the above statement is true to the best of my knowledge and belief.

Date .....

(Signature of Employer or the person making the application)

* To be filled up only in cases of death of the workman.

† To be filled up by the employer when the application is made by him.

FORM I

CERTIFICATE BY EMPLOYER

I / We, the firm of Messrs. do hereby certify

(i) that whose age and description are given below

(a) was a workman in employment under me / our firm, ticket number (if any) ..... and employed in.....department,

(b) was last at work under me / the firm on and

(c) that his wages as entered in the last wage roll were at the rate of Rs. per mensem;

(ii) that I / we have taken out a Policy of Insurance under the War Injuries Compensation Insurance Scheme with ..... Company at and the number and date of the Policy are.....;

(iii) that no advance payment / an advance payment of Rs. / advance payments aggregating to Rs. has/have been paid by me / us to the said workman. / dependant(s) of the said workman.

Age of workman.

Description of workman.

Nature of injury.

Date———————.

(Signature of Employer.)

FORM J.

AWARD UNDER THE WAR INJURIES COMPENSATION INSURANCE SCHEME

Claims Officer for (area).

Name of Claims Officer

Name of person sustaining qualifying injury / killed

Name of father of such person (in the case of married woman, of husband).
Date and place of injury/death.
Age Residence
Caste
Profession Nationality
Compensation in favour of (block capitals).
Name of father of such person if other than the person sustaining qualifying injury (in the case of married woman, of husband).
Description of such person.
Age. Residence
Caste. Profession
Amount of compensation.
A lum sum of Rs. and in addition a payment of Rs.
per $\frac{\text{month}}{\text{quarter}}$
Guardian, if any
Period for which the $\frac{\text{monthly}}{\text{quarterly}}$ payment is sanctioned, with the date of commencement.
Payable at
on the of each..... $\frac{\text{Post Office,}}{\text{Govt. Treasury,}}$

Being satisfied that the sum of Rs. ..... $\frac{\text{the amount}}{\text{unrepaid balance}}$ of an advance payment made in accordance with sub-clause (1) of clause 11 of the War Injuries Compensation Insurance Scheme, by (name and address) the employer of
in respect of whose injury this award is made, is due to the said employer, I direct that the said sum be deducted from the lump sum payable under this award in the following manner:

Deduction from lump sum payment of Rs. ..... and in addition deduction of Rs. ..... per $\frac{\text{month}}{\text{quarter}}$ for ..... $\frac{\text{months}}{\text{quarters.}}$

Period.	Amount of award.	Signature or thumb impression of payee.	Signature of Postmaster or other authorised officers.	Date stamp of office.	Amount of advance of Rs.....to be recovered in lump/..... instalments of Rs.....each from each payment for remittance to the employer.
(1)	(2)	(3)	(4)	(5)	(6)

Date and signature of Claims Officer.

Forwarded to the payee through the $\frac{\text{Deputy Collector/Assistant Commissioner}}{\text{Collector/Deputy Commissioner}}$ of District.

FORM K

Application for Exemption

Name of Employer.
Full address.
Particulars of concern or concerns in respect of which exemption is sought.
Name of concern.
*Number of workmen employed.
Average monthly wage bill.
Period for which exemption is sought

Reasons for asking for exemption.

Amount of compensation which the employer has undertaken to give to the employees.

The name of the firm with which the liability has been insured.

Number and date of Policy.

Period covered by the Insurance.

I declare that the information given above is true.

Date———————. (Signature of employer).

* Only workmen to whom the Act would be applicable should be included.

WAR INJURIES COMPENSATION INSURANCE RULES

(Govt. of India, Department of Labour Notification No. L-W.I.S. 828(2), dated the 16th December, 1943).

In exercise of the powers conferred by sub-section (*1*) of section 20 of the War Injuries (Compensation Insurance) Act, 1943 (XXIII of 1943), the Central Government is pleased to make the following rules, namely:—

1. **Title.**—These rules may be called the War Injuries Compensation Insurance Rules, 1943.

2. **Interpretation.**—In these Rules,—

(a) "Act" means the War Injuries (Compensation Insurance) Act, 1943;

(b) "Scheme" means the War Injuries Compensation Insurance Scheme;

(c) "Form" means a form appended to these Rules;

(d) "quarter" means a period of three months, commencing on the first day of April, July, October or January, respectively.

3. **Ascertainment of Wage Bill.**—The wage bill of an employer shall be computed by aggregating the gross *cash* wages of all workmen employed by him but shall exclude all that part of gross cash wages of individual employees which exceeds Rs. 300 per month, and all allowances given against increased cost of living.

4. **Form of Policy.**—Every policy shall be in Form X.

5. The period for the purposes of clause (*g*) of sub-section (*5*), of section 7 of the Act shall be a quarter or if the employer is in the business concerned, only for a portion of any quarter, then that portion.

6. **Date by which policy to be taken.**—An application for taking out a policy of insurance shall be made—

(a) if the employer had been an employer for one complete quarter before the 1st January 1944, then on or after 10th January 1944 and not later than 9th February, 1944;

(b) in all other cases, within one month of the employer's having been an employer for one quarter.

7. **Form and manner of accounts.**—An account of all sums received into and paid out of the Fund shall be prepared in Form Y and shall be published every six months in the official Gazette.

8. **Period of appeal.**—An appeal under sub-section (*3*) of section 14 of the Act shall be made within ninety days of the determination made under sub-section (*1*) of that section.

9. **Recovery.**—The Claims Officer may, on default by an employer, recover as an arrear of land revenue any amount payable by the employer under this Act, and the Claims Officer shall be deemed to be a public officer within the meaning of section 5 of the Revenue Recovery Act, 1890.

FORM X

Policy No.

GOVERNMENT OF INDIA.

WAR INJURIES (COMPENSATION INSURANCE) ACT, 1943.

Policy of Insurance against liabilities thereunder.

This Policy and the Specification hereto (which forms an integral part of this Policy) shall be read together as one contract and the words and expressions to which specific meanings have been attached in the Specification shall bear those meanings wherever they may appear.

The Specification.

The Governor General. The Governor General of India in Council.
The Government Agent. .....
The Insured. Name. .....
Business Address. .....
Trade or business .....
Situation of Factory
Mine or Establishment .....

Schedule of Wages declared to have been paid during the undernoted period.

Period.		Total Wages and Allowances.
Quarter ended	A. Direct Employees earning less than Rs. 300 per month	
	B. Direct Employees earning more than Rs. 300 per month	
		Rs.

Advance against premium: Rs. received on the day of 194 .

WHEREAS the Insured has made and forwarded to the Government Agent a signed application for insurance which application the Insured has agreed shall be the basis of this Policy and has paid the advance of premium named above.

Now this Policy witnesseth that in consideration of the Insured paying to the Governor General the said advance of premium the Governor General agrees [subject to the provisions contained in the War Injuries (Compensation Insurance) Act, 1943 and the Scheme and Rules made thereunder which provisions shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the right of the Insured to recover hereunder] that if during the present hostilities any employee to whom the said Act applies shall sustain any War Injury for which the Insured is liable to pay compensation under the said Act then the Governor General will indemnify the Insured against all sums for which the Insured shall be so liable.

In witness whereof I being duly authorised in that behalf have hereto set my hand on behalf of the Governor General.

(Date of issue.)

FORM Y.

Account of sums received into and paid out of the War Injuries Compensation Insurance Fund during the six months ending 194 .

Receipts.			Expenditure.		
	Amount.	Progress of receipts up to the end of		Amount.	Progress of expenditure up to the end of
	Rs. A. P.	Rs. A. P.		Rs. A. P.	Rs. A. P.
1. Advances of premium.			1. Compensation under the War Injuries Compensation Insurance Scheme . . .		
			2. Remuneration and expenses of Government Agents . .		
2. Advances from General Revenues under section 11(2) . . .			3. Expenses of the staff employed to do the work in the Provinces and at the headquarters of the Central Government.		
			4. Expenses of the additional staff employed to cope with the audit and accounting arrangements .		
3. Miscellaneous . .			5. Repayments of advances made under clause 11 of the War Injuries Compensation Insurance Scheme .		
			6. Miscellaneous . .		

LIST OF GOVERNMENT AGENTS APPOINTED UNDER THE ACT.

(Department of Labour Notification No. L-W.I.S. 828(3), dated the 16th December, 1943).

It is hereby notified for general information that in pursuance of section 8 of the War Injuries (Compensation Insurance) Act, 1943 (XXIII of 1943), the Central Government has been pleased to employ as its agents for the purposes of the said Act the firms specified in the Schedule hereto annexed.

THE SCHEDULE.

1. Advance Assurance Co., Ltd., Bombay.
2. Alliance Insurance Co., Ltd., Bombay.
3. American Insurance Company of Newark, N.J.
4. Anand Insurance Co., Ltd., Bombay.
5. Asian Assurance Co., Ltd., Bombay.
6. Atlas Assurance Co., Ltd., Bombay.
7. Baloise Fire Insurance Company, Ltd., Bombay.
8. Bankers' and Traders' Insurance Company, Ltd. of Sydney.
9. Bharat Fire and General Insurance Company, Limited.
10. Bombay Fire and General Insurance Co., Ltd.
11. British America Assurance Company.
12. British and Foreign Marine Insurance Company, Ltd.
13. British Crown Assurance Corporation, Ltd

14. British Equitable Assurance Company, Ltd.
15. British Fire Insurance Company, Ltd.
16. British General Insurance Company, Limited.
17. British India General Insurance Company, Ltd.
18. British Traders' Insurance Company, Limited.
19. Caledonian Insurance Company.
20. Canton Insurance Office, Limited.
21. Central Insurance Company, Limited.
22. Century Insurance Company, Limited.
23. China Fire Insurance Company, Limited.
24. Clive Insurance Company, Limited.
25. Commercial Union Assurance Company, Limited.
26. Concord of India Insurance Company, Limited.
27. Co-operative Fire and General Insurance Society, Ltd.
28. Deepak General Insurance Co., Ltd.
29. Devkaran Nanjee Insurance Co., Ltd., Bombay.
30. Eagle Star Insurance Co., Ltd.
31. Eastern Federal Union Insurance Co., Ltd.
32. Eastern United Assurance Corporation, Ltd.
33. Employers' Liability Assurance Corporation, Ltd.
34. Essex and Suffolk Equitable Insurance Society, Ltd.
35. Fine Art and General Insurance Co., Ltd.
36. Free India General Insurance Co., Ltd.
37. Fire and General Insurance Co. of India, Ltd.
38. General Accident, Fire and Life Assurance Corporation, Ltd.
39. Great American Insurance Company.
40. Gresham Fire and Accident Insurance Society, Limited.
41. Guardian Assurance Company, Limited.
42. Habib Insurance Company, Limited.
43. Hartford Fire Insurance Company, Limited of Hartford.
44. Helvatia Swiss Fire Insurance Company, Limited, of St. Gall.
45. Hercules Insurance Company, Limited.
46. Home Insurance Company.
47. Hong Kong Fire Insurance Company, Limited.
48. Hukamchand Insurance Company, Limited.
49. Indemnity Marine Assurance Company, Limited.
50. Indian Globe Insurance Company, Limited.
51. Indian Guarantee and General Insurance Company, Limited.
52. Indian Mercantile Insurance Company, Limited.
53. Insurance Office of Australia, Limited.
54. Java Sea and Fire Insurance Company, Limited.
55. Jupiter General Insurance Company, Limited.
56. Jayabharat Insurance Co., Ltd., Bombay.
57. Law Union and Rock Insurance Company, Limited.
58. Legal and General Assurance Society, Limited of London.
59. Liverpool and London and Globe Insurance Company, Ltd.
60. London Assurance (The).
61. London Guarantee and Accident Company, Limited.
62. London and Lancashire Insurance Company, Limited.
63. London and Provincial Marine and General Insurance Company, Ltd.
64. London and Scottish Assurance Corporation, Limited.
65. Maritime Insurance Company, Limited.
66. Mercantile Fire Insurance Company of Canada.
67. Millowners' Mutual Insurance Association, Limited, Bombay.
68. Motor Union Insurance Company, Limited.
69. National Employers Mutual General Association, Ltd.
70. National Fire and General Insurance Company, Limited.

71. National Insurance Company of Great Britain, Limited.
72. National Security Assurance Company, Limited, Lahore.
73. New Asiatic Insurance Company, Limited.
74. New Great Insurance Co. of India, Limited.
75. New India Assurance Company, Limited.
76. New Zealand Insurance Company, Limited.
77. North China Insurance Company, Limited.
78. Northern Assurance Company, Limited.
79. North British and Mercantile Insurance Company, Ltd.
80. Norwich Union Fire Insurance Society, Limited.
81. Ocean Accident and Guarantee Corporation, Limited.
82. Ocean Marine Insurance Company, Limited.
83. Overseas Assurance Corporation, Limited.
84. Orient Insurance Company of Hartford, U.S.A.
85. Palatine Insurance Company, Limited.
86. Pandyan Insurance Company, Limited.
87. Pearl Assurance Company, Limited.
88. Phœnix Assurance Company, Limited.
89. Pioneer Fire and General Insurance Company, Limited.
90. Prithvi Insurance Company, Ltd.
91. Provincial Insurance Company, Limited.
92. Prudential Assurance Company, Limited.
93 Queen Insurance Company of America.
94. Queensland Insurance Company.
95. Railway Passengers' Assurance Company.
96. Reliance Marine Insurance Company, Limited.
97. Royal Exchange Assurance Corporation.
98. Royal Insurance Company, Limited.
99. Ruby General Insurance Company, Limited.
100. Scottish Insurance Corporation, Limited.
101. Scottish Union and National Insurance Company.
102. Sea Insurance Company, Limited.
103. Sentinel Assurance Company, Limited, Bombay.
104. South British Insurance Company, Limited.
105. South India Fire and General Insurance Company (Coimbatore), Ltd.
106. State Assurance Company, Limited.
107. Sun Insurance Office, Limited.
108. Tropical Insurance Company, Limited.
109. Thames and Mersey Marine Insurance Company, Limited.
110. Triton Insurance Company, Limited.
111. Union Assurance Society, Limited.
112. Union Insurance Society of Canton, Limited.
113. Union Marine and General Insurance Company, Limited.
114. United India Fire and General Insurance Company, Ltd.
115. United Scottish Insurance Company, Limited.
116. Universal Fire and General Insurance Company, Limited.
117. Vishwabharati Insurance Co., Limited.
118. Vulcan Insurance Company, Limited.
119. Warden Insurance Company, Limited.
120. West of Scotland Insurance Office, Limited.
121. Western Assurance Company of London and Toronto.
122. World Marine and General Insurance Company, Limited.
123. Yang-tsze Insurance Association, Limited
124. Yorkshire Insurance Company, Limited.

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AMA-33—730

2

AGRICULTURAL MARKETING IN INDIA

Report on

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[*Continued inside back cover*

TABLE OF CONTENTS.

	Page.
Introduction	(iv)
Chapter I.—General review	1
A.—Introductory	1
(1) Evolution and development of markets in India	1
(2) Classification of fairs, markets and produce exchanges	3
(*a*) Fairs	3
(*b*) Markets	4
(*c*) Produce exchanges	5
Chapter II.—Fairs	6
A.—Livestock and produce fairs	6
(1) Number and distribution	6
(*a*) Number	6
(*b*) Distribution	6
(2) Frequency, periodicity and duration	9
(*a*) Frequency	9
(*b*) Periodicity	9
(*c*) Duration	9
(3) Attendance	9
(*a*) Sellers	9
(*b*) Buyers	10
(*c*) Brokers	11
(*d*) Number of persons attending fairs	11
(4) Communications	12
(5) Types, breeds and number of livestock handled in fairs	13
(*a*) Types	13
(*b*) Breeds	15
(*c*) Number of livestock assembled	16
(6) Organisation and control	17
(7) Methods of business	19
(8) Market charges	21
(*a*) Admission fee	21
(*b*) Registration fee or fee on sales	21
(*c*) Brokerage	22
(*d*) Miscellaneous	22
(9) Extent to which income is employed for the maintenance of trading facilities in the livestock fairs	23
B.—Description of important and typical livestock fairs	24
(1) Amritsar livestock fair	24
(2) Pushkar livestock fair	25
Chapter III.—Markets	28
A.—*Painths, hats and shandies*	28
(1) Number and distribution	28
(*a*) Number	28
(*b*) Distribution	28
(2) Location	30
(3) Area served	30
(4) Frequency	31
(5) Market days	31
(6) Attendance	31
(7) Communications	31
(8) Amount and types of produce passing through *hats*	31
(9) Organisation and control	32
(10) Market practices	33
(11) Market charges	33
(12) Extent to which the income is utilised for the maintenance of trading facilities	35
B.—*Mandis*—Wholesale markets	35
(1) Number and distribution	35
(*a*) Number	35
(*b*) Distribution	36
(2) Ownership	37
(3) Area served	37
(4) Lay out of markets	38
(5) Communications	40
(*a*) Roads	40
(*i*) Headloads	40
(*ii*) Pack animals	40
(*iii*) Carts	41
(*iv*) Motor trucks	41
(*v*) Cost of conveyance	41
(*b*) Rail	42
(*i*) Class rates	42
(*ii*) Schedule rates	42
(*iii*) Station to station rates	43
(*iv*) Terms of booking	43
(*c*) Inland waterways	44
(*d*) Sea	44
(*e*) Postal, telegraph and telephone facilities	44
(6) Market intelligence	44
(*a*) Government publications	44
(*i*) Weekly weather and crop report	44
(*ii*) Prices	44
(*iii*) Forecasts	45
(*iv*) Indian Trade Journal	45
(*b*) Trade papers	45
(*c*) Newspapers	45
(*d*) Private arrangements	45
(*e*) Radio	45
(7) Commodities dealt in and the amount passing through markets	47
Seasonal variations	47
(8) Storage facilities	47
Warehouses	49
(9) Facilities for finance	50
(*a*) *Arhatiyas*	50
(*b*) *Shroffs*	51
(*c*) Banks	51
(*d*) Grain trade associations	51
(*e*) Exporters	51
(*f*) Remittances	51
(10) Organisation and control	53
(11) Persons operating in the market	53
(*a*) *Arhatiyas* (commission agents)	53
(*b*) *Dalals* (brokers)	53
(*c*) *Tolas* (weighmen)	53
(*d*) *Hammals* and *palledars* (market labourers)	53
(*e*) Other functionaries	53
(12) Market practices	54
(*a*) Hours of business	54
(*b*) Methods of sale	54
(*i*) Sales under cover	54
(*ii*) Auction system	54
(*iii*) Open bid or private treaty	54
(*iv*) Comparison between different methods of sale	55
(*c*) Basis of sale	55
(*d*) Weighment and delivery	55
(13) Methods of sampling and analysis	56
(14) Settlement of disputes	57
(15) Weights and measures	57
(*a*) Weights and measures in current use	57
(*i*) Weights	57
(*ii*) Measures	58
(*b*) Verification of weights and measures	58
(*c*) Scales employed	59
(16) Market charges	59
(17) Extent to which marketing charges are utilised for providing market facilities	61

	PAGE.
C.—Retail markets and specialised *bazars*	61
(1) General	61
(2) Ownership	61
(3) Area served	62
(4) Types of shops and godowns and the layout and arrangement of retail markets	62
(5) Communications	63
(6) Nature and amount of commodities dealt in	63
(7) Storage facilites	63
(8) Practice of sorting or grading, mixing or adulteration	63
(9) Organisation and control	64
(10) Methods of sale and fixation of prices	64
(11) Market intelligence	65
(12) Weights, measures, balances and scales	65
(13) Method of handling and distribution of produce	65
(14) Market charges	66
Chapter IV.—Produce Exchanges	66
A.—General	66
B.—Growth and development of 'futures' trading associations in India	67
C.—Number and location	68
D.—Constitution and capital	69
E.—Aims and objects	69
F.—Management and administration	70
G.—Methods of business	70
(1) Brokers	70
(2) Hours of trading	70
(3) Commodities traded in	70
(4) Registration of contracts	71
(5) Margin money	71
(6) Units of trading	72
(7) Months of delivery and periods of settlement	72
(8) 'Futures' contract forms	73
(9) Bucket shops	77
H.—Volume of trade and the extent to which produce is actually delivered in settlement of 'futures' contracts	78
I.—*Teji-mandi* or "put and call" options	79
J.—Excessive speculation and divergencies between ready and 'futures' prices at settlement dates	81
Chapter V.—Legislation and regulation establishing regulated markets	82
A.—General	82
B.—Summary of statutory provisions	83
(1) Object	83
(2) Definitions	83
(a) Agricultural produce	83
(b) Grower, agriculturist or producer	83
(3) Notification of intention of exercising control over purchase and sale of agricultural produce in a specified area	83
(4) Declaration of market areas	84
(5) Cancellation of licences	84
(6) Establishment of market committees	84
(7) Incorporation of market committees	87
(8) Sub-committees and joint committees and delegation of power	87
(9) Appointments and salaries of officers and servants of market committees	87
(10) Execution of contracts	87
(11) Levy of fees	87
(12) Market committee fund	87
(13) Power to borrow	88
(14) Trade allowances	88
(15) Suppression of market committees and removal of members	88
(16) Power to make rules	88
(17) Bye-laws	89
(18) Penalties	89
(19) Trial of offences	92
C.—Working of regulated markets in different provinces and States	92
(1) Madras	92
(*a*) Regulated markets for cotton	92
(*b*) Regulated markets for groundnuts	95
(*c*) Regulated markets for tobacco	97
(2) Central Provinces	98
(*a*) Municipal markets	98
(*b*) Other regulated markets	100
(3) Bombay	101
(4) Hyderabad State	103
(5) Gwalior State	104
D.—Advantages of regulated markets	105
E.—A few suggestions as to how the efficiency of regulated markets can be increased	105
Summary of main conclusions and recommendations	107
Appendices—	
I.—Number and distribution of livestock and produce fairs in India	110
II.—Certain particulars regarding some of the important livestock fairs in India	111
III.—Duration of some livestock fairs in India in different months	116
IV.—Market charges on cattle in some of the important livestock fairs in India	117
V.—Number and distribution of *hats* in India	119
VI.—Form of Local Board *hat* lease	120
VII.—Number and distribution of *mandis* (wholesale markets) in India	121
VIII.—Dates on or about which the all-india Forecasts of crops are issued by the Department of Commercial Intelligence and Statistics, India	122
IX.—Some important assembling markets for certain commodities in the main producing areas	123
X.—Form of market license issued by the Bombay Municipality	125
XI.—Market notices	127
XII.—Number and distribution of 'Futures' Trade Associations in India	128
XIII.—Broker's slip of the Bharat Krishna Trading Co. Ltd., Okara	129
XIV.—Seller's Position Form	130
XV.—Buyer's Position Form	130
XVI.—A typical form of contract for "futures" at Lyallpur	131
XVII.—Standard tolerances in white wheat contracts as finally agreed to at the Grain and Oilseeds Conference—April 1938	133

	PAGE.
XVIII.—Terms of all-India Standard Contract for linseed . . .	135
XIX.—Terms of all-India Standard Contract for groundnut (kernels for crushing) embodying amendments suggested at the meeting held at Bombay on the 8th February 1941 .	135
XX.—Terms of Standard Contract for handpicked selected groundnuts (kernels and nuts in shell) . .	137
XXI.—Constitution of some market committees in certain provinces and States	138
XXII.—List of markets regulated in the various provinces and States.	139
XXIII.—Form of the daily market report issued by the Tiruppur Cotton Market Committee .	140
XXIV.—Form of the license issued under the Madras Commercial Crops Markets Act . . .	141
Glossary of Indian terms . .	142
Diagram	1
Maps	3
Plates	30

INTRODUCTION.

After it has left the producing centres, agricultural produce (including livestock and livestock produce) is first assembled in fairs, *hats* or wholesale markets. It is in these places that the producer converts his produce into cash and it is here that his share in the price paid by the consumer is determined. To enable the producer to have a fair share of this price, it is essential that the conditions of sale and purchase of agricultural produce should also be fair to the seller. The proper regulation and administration of fairs, *hats* and markets are, therefore, very important.

This report brings out the main drawbacks in the existing system of marketing agricultural produce in this country and suggests how improvements can be effected. In doing so, a certain amount of repetition of some facts and statements included in the reports on the marketing of various commodities issued so far by this Department could not be avoided, as it was felt that this repetition was necessary to emphasise existing drawbacks and focus attention on how the actual marketing methods and technique could be improved. Further, this report will be of special help to such readers as are interested only in the *general* system of marketing of agricultural produce and do not want to be burdened with details of the marketing of any particular commodity. The working of regulated markets in the various provinces and States has also been discussed at some length in a separate chapter. The main conclusions and recommendations have been summarised at the end.

NOTE.—The Government of India should not be regarded as assuming responsibility for all or any of the materials contained in this report.

CENTRAL AGRICULTURAL MARKETING DEPARTMENT,
(GOVERNMENT OF INDIA).

DELHI:

April, 1942.

CHAPTER I.—GENERAL REVIEW.

A.—Introductory.

(1) Evolution and development of markets in India.

As in other countries, the evolution and development of markets in India have largely been dependent upon the availability of surplus goods for exchange. In order, therefore, to trace the evolution and development of Indian markets, it is necessary to go back to the days of subsistence farming when each unit produced just sufficient to satisfy its immediate needs.

In ancient times people wandered from place to place in search of food. But as time passed, they learnt the function of seed, cleared patches of forest and started raising crops. Social instinct and the exigencies of defence brought together groups which worked on a co-operative basis, though they still wandered from place to place and cleared forests for growing their own food.

At the next stage, these people gave up their wandering habit. The tribe settled down in one place, made dwelling houses of a permanent nature and raised crops on a permanent basis.

As the population in each settlement grew, the food supply from the surrounding cultivated land was found to be inadequate and a part of the population migrated to other localities and formed subsidiary settlements. This led to the development of villages and hamlets. As the number of villages gradually increased, a crude system of inter-communication was developed. Goods were not, however, transported from one village to another on any large scale as the same crops were grown throughout considerable tracts. Each village was self-contained. The cultivator produced agricultural commodities and the artisan provided the other simple necessities of the village. The potter made the pots, the weaver produced the cloth, the oil-presser pressed the oil, the ironsmith made the implements and other craftsmen catered to the other needs of the population. They were all paid in kind.

With a further increase in population, desire for the possession of land became great and everyone made an attempt to secure a fertile piece. This led to frequent disputes for the settlement of which a rudimentary form of government came into being. The duties of this government were not only some sort of internal administration, but external defence also. The establishment of a government led to the founding of a central place where people began to congregate. To meet the needs of these people, a non-agricultural population consisting of artisans, middlemen, traders and merchants gathered together in the central place. This population had to be fed. Each cultivator had, therefore, to produce more than his personal needs and the surplus produce went to satisfy the needs of these people. In villages the needs were few and payment was made to artisans in grain, but in towns where the needs were diverse and the artisans made numerous articles, this system of payment was inconvenient. Consequently, the use of tokens (now known as money) as a basis of exchange was established. The exchange of goods was thus made considerably simpler. Certain towns had special opportunities for the development of certain industries and it became necessary to transport food to these towns. On the other hand, the industrial products of these towns had to be carried to the villages. Roads and carts thus came into existence and pack animals and boats along the rivers and coasts also came to be employed for the purpose.

Unlike in other countries, religion played a prominent part in the development of trade in India. The religious gatherings at the time of *Kumbhas*, *Ardh Kumbhas*, solar and lunar eclipses and at certain shrines attended by thousands and lakhs of people afforded excellent opportunities for the development of commerce.

While transporting goods from one place to another, traders moved in caravans and travelled along certain well established routes. For instance, in the sixth century B.C. the main trade routes recorded are "North to South-West", "North to South-East" and "East to West".* "Besides the above, we are told of traders going from Videha to Gandhara, from Magadha to Sovira, from Bharukaccha round the coast to Burma, from Benares down the river to its mouth and thence on to Burma, from Champa to the same destination."*, There were numerous stopping places along each route, and each place was provided with a rest house for the convenience of travellers. In the Moghul period these stopping places were called *serais*. "For the use of wayfarers there were throughout the realm of the Moghul on every route many *serais*"†. "Each one of them might hold, more or less, from 800 to 1,000 persons with their horses, camels, carriages and some of them are even larger"†. At each halting place the traders disposed of a part of their goods. These formed the moving markets. The caravans mostly traded in costly goods and rarely carried ordinary agricultural produce. "There were taxes and octroi duties at each different country entered; and a heavy item in the cost was the hire of volunteer police who let themselves out in bands to protect caravans against robbers on the way. The cost of such carriage must have been great, so great that only the more costly goods could bear it"‡.

In the absence of any appreciable trade in agricultural produce, the villages continued to be largely self-contained for a long time. The cultivating classes had no incentive to produce more than the small local needs of the tract and they were apt to rest content with the production of enough for their own food and clothing.

The lack of proper communications was not the only obstacle in the way of development of trade. The lack of internal security and the erratic demands of the State were also instrumental in keeping down production to the level of minimum requirements. "There were few periods in the recorded history of India anterior to the British Administration when, over large tracts, the internal peace was not greatly disturbed and the demands of the State on the land were not heavy to an extent which made its possession a liability rather than an asset"§.

Conditions of self-sufficiency, therefore, prevailed over the greater part of India up to the early years of the nineteenth century. "The first factor which changed them for the better was the establishment of peace within the country and of security on its borders".‖. With the advent of British rule in India, an exhaustive and elaborate enquiry into rights in land was undertaken and the demand of Government was settled permanently in certain tracts and for sufficiently long periods in others "to relieve the revenue payer from the harassing anxiety of uncertainty". The clear understanding of his liabilities spurred the cultivator to increased effort which received a further stimulus through the development and improvement of communications. As a result of quicker and cheaper methods of transport, new markets came into existence. "The effect of improved communications in stimulating production and facilitating distribution has been great. Their influence in another direction is also becoming increasingly marked. The old self-sufficing type of agriculture is in some measure being replaced by a more commercialised system in which the cultivation of "money crops", that is, crops intended entirely for sale, such as cotton, jute and oilseeds, is increasingly prominent. The cultivator has begun to look beyond the present needs of his family and the demands of the market are more and more determining what he shall

*"Buddhist India" by Rhys Davids, pages 102—104.
†"Pepys of Moghul India", page 34.
‡"Buddhist India" by Rhys Davids, page 98.
§"Report of the Royal Commission on Agriculture in India", page 7.
‖ "Report of the Royal Commission on Agriculture in India", page 8.

'produce''.* Not only did the internal traffic expand, but overseas trade also grew enormously. When the Suez Canal was opened in 1869, exports were valued at Rs. 80 crores. For the three years ending 1926-27, the average value of the annual exports exceeded Rs. 350 crores, while during the triennium ending 1938-39, it was about Rs. 190 crores. By far the greater volume of these exports consists of agricultural produce, the chief items being cotton, jute, oilseeds and tea.

An important factor that contributed towards the production of agricultural commodities on a commercial scale was the development of irrigation works. In the Punjab, vast areas of waste land were brought under the plough with the development of canal irrigation. Similarly in the United Provinces nearly half a million acres of land has been brought under irrigation by the Ganges Valley State Tube Well Scheme. Not only have the new areas been made to yield good harvests, but dependence on the vagaries of the monsoons has also been greatly reduced in some of the old cultivated tracts consequent on the development of irrigation works.

As a result of these changes, villages in India have stepped from the stage of self-sufficiency into that of surplus production and exchange. Indian markets have thus developed from centres of small scale mutual exchange of goods to the present day big wholesale markets like those in the canal colonies of the Punjab.

Some of the villages, by virtue of their soil, water, situation or some other special circumstances, came to be known in the surrounding tract for the production of certain specialised commodities. For instance, melons produced in a village, Chamiari by name in the Amritsar district (Punjab) were found to be of a better quality compared with those produced in the neighbouring villages and were consequently much sought for. Similarly, *shakkar* (powdered jaggery) of Ismailpur is well-known in the Bijnor district (United Provinces). A very recent example of a village coming into prominence for a particular agricultural commodity through the efforts of a local co-operative society which has started the distribution of graded rice is afforded by the Sheola village near Dehra Dun (United Provinces). The number of such specialised distributive villages is, however, not large.

(2) CLASSIFICATION OF FAIRS, MARKETS AND PRODUCE EXCHANGES.

(*a*) *Fairs.*—A fair denotes a gathering of people who assemble at regular intervals in certain fixed places—generally around shrines or other religious institutions. Although by far the largest number of fairs have a religious background, there are some which owe their origin to purely economic considerations. For instance, the establishment of a cattle fair at Jahazgarh (Punjab) is attributed mainly to its location near Jhajjar which used to breed the famous Nagori bulls in the days of the Nawabs† of old. Similarly the Khagra fair at Kishanganj in the Purnea district (Bihar) was organised by the local *zamindars* to develop trade in cattle.

It may also be mentioned that fairs may have a religious origin, but later on they may have acquired commercial complexion to a large extent. For instance, the Sonepur fair (Bihar) has had a religious origin though now it is one of the foremost cattle fairs in India. The legend says that at this site the fight between the mythological lords of the forest (Gaj)‡ and the water (Grah)§ ended. Subsequently, a temple is stated to have been built here by Rama. Now the fair is not only religious but is also an important centre of livestock trade. Similarly, in the United Provinces, the Bateswar fair has been the seat of Hindu pilgrimage from time immemorial. According to the legend, a grown-up daughter of a king was transformed into a son by the blessings of Lord Shiva (Bateswar). The king

*Report of the Royal Commission on Agriculture in India, page 10.

†Local chieftains in the Muhammadan period.

‡Elephant.

§Crocodile.

as a faithful devotee organised the fair annually to commemorate the happy event. As Bateswar is on the bank of the river Jumna it developed into an important centre for the assembling and distribution of agricultural commodities, particularly indigo. With the development of railways and *pucca* roads and also on account of the opening of the Jumna Canal, navigation in the Jumna was reduced to insignificance and the commercial importance of Bateswar was considerably lost. In 1901, an attempt was made to organise it into a cattle fair and since then the importance of this fair has grown, so much so that it is now one of the biggest livestock fairs in India.

Some of the fairs have almost entirely lost their religious character and have acquired a purely commercial complexion. The Daroani cattle fair (Bengal) may be cited as an instance. It is stated that about 100 years ago a saint, commonly known in the locality as Pagla Pir, came from Ajmer and settled down at this place. He is said to have possessed psychic powers as a result of which he attracted a large number of people. The number of his admirers steadily mounted and an annual gathering was fixed for the 5th of *Falgun* corresponding to about the 18th of February. Gradually a cattle fair was started along with the religious gathering and the popularity of the cattle fair steadily increased so much that now it is one of the foremost cattle fairs in Bengal. The religious origin of the fair has been almost completely forgotten.

Irrespective of their origin, fairs may be divided into the following two main classes.

(*i*) Fairs which have acquired some importance in the livestock-trade or in trade in agricultural products.

(*ii*) Fairs which have remained mainly religious in their nature and have not assumed any commercial importance.

Even in the case of the former class of fairs, the gathering is not necessarily confined to buyers and sellers but includes pilgrims, sight-seers and holiday-makers. The important fairs draw people not only from the surrounding tracts but even from distant places. Consequently the number of people who gather together is very large. For instance, the attendance in the Sonepur fair (Bihar) is estimated to vary between 2 and 3 lakhs of people. The value of agricultural produce handled in the fairs is reckoned to be very small as compared with the value of livestock passing through them. The transactions in agricultural produce are generally on a retail basis.

(*b*) *Markets.*—Like a fair, a market is also a gathering of people at a fixed place, but the gathering occurs at more frequent intervals than in the case of fairs. Moreover, unlike a fair, which is associated with a spirit of holiday-making—as the very name "fair" derived from *feria* (holiday) implies—the gathering in a market is almost exclusively a business one, there are buyers and sellers of commodities and purchases and sales are the most important activities of the people assembled there. Again, gatherings in markets are usually not so large as in the case of fairs.

Markets in India may be classified as:

(*i*) *Paintha, hats and shandies.*—These are periodical markets, usually held weekly or bi-weekly for a day on the road-side, in groves, etc., where there may or may not be any semi-permanent sheds but where no permanent market structures exist. These periodical markets are known as *paintha* or *hats* in the United Provinces, Bihar and Orissa, as *hats* in Bengal and as *shandies* in Southern India. At these markets the sales are generally of a retail nature. A wide range of articles is available for sale, *e.g.*, fruits, vegetables, foodgrains, oilseeds, tobacco, salt, spices, pulses, oils, *gur*, fish, cloth, earthen and brass wares, bangles trinkets, etc. The producers bring their produce in small quantities and dispose them off to the itinerant traders and shopkeepers either for cash or in exchange of household requirements. Payment is made before the buyer takes

delivery of the goods. As a rule, the days on which these periodical markets are held in different centres in a locality are chosen in such a manner as to avoid overlapping with one another so that itinerant dealers may make a round of all the different markets in a particular area.

(*ii*) *Mandis*.—These are regular wholesale markets held in a fixed market place where business is transacted daily. In many of the old markets the shops are arranged on both sides of a road whereas modern *mandis* like those in the Canal Colonies of the Punjab and the western United Provinces are invariably built in the form of a square or a quadrangle, each side of the quadrangle usually having a gateway. A pavement usually made of bricks is provided in front of the rows of the shops, for the unloading of produce brought by sellers. As produce is handled in fairly large quantities, specialised functionaries such as weighmen, brokers and commission agents operate in these markets for the performance of different marketing services. Sellers usually receive payment from their commission agents soon after the sale of produce, while buyers are provided with credit facilities for varying periods in different markets. Payment is either made in currency or by instruments of credit such as *hundis*. These markets serve as assembling points for the local produce and also as centres of distribution. As the produce assembled locally or received from distant markets may have to be stored for some period, storage accommodation and financing facilities are often provided in these markets.

(*iii*) *Retail markets*.—These include retail shops either scattered all over the town or concentrated in special localities. The retailer usually deals in a large variety of goods, *e.g.*, food grains, flour, pulses, salt, spices, oil, soap, match boxes, sugar and other household provisions. In the important cities, municipalities have organised retail markets for vegetables, fruits, fish, meat, etc. For instance, in the Colaba Market (Bombay), vegetables, fish, mutton and beef are retailed. The sales are mostly for cash. Retail markets are mainly concerned with the distribution of produce.

(*b*) *Produce exchanges*.—A produce exchange may be regarded as a specialised wholesale market devoted to a particular commodity or a group of commodities, where trading is confined to members who may, however, transact business for non-members also. Business is done according to definite rules and regulations laid down in the bye-laws of these institutions. The management is vested in a board of directors elected after fixed periods by the members. Although the main function of produce exchanges is to provide facilities for trading in "futures", some of them like the East India Cotton Association, Ltd., Bombay, regulate spot transactions also, while a few others like the Indian Produce Association, Calcutta, confine their activities to spot transactions only. The produce exchanges are linked with world markets through a quick agency of market news service and are thus able to secure a certain amount of parity of prices which is an important function of an efficient and organised market. The produce is not exposed for sale except in the case of spot transactions where small samples may be employed to indicate the quality of the produce traded in. Business in "futures" is done on the basis of accepted grades. The turnover of the "futures" transactions is usually very large as compared with spot business. All the contracts are, however, not liquidated by the actual delivery of goods; the majority of them are settled by the payment of differences in the prices. In making payments, instruments of credit such as *hundis* are freely made use of. The business is usually done through brokers. The provision of facilities for arbitration in case of disputes is an important feature of the produce exchanges.

Produce exchanges in India fall into two main classes, *viz*.,

(*a*) Non-profit sharing,
(*b*) Profit sharing.

Non-profit sharing exchanges are very few in number and are located mostly at the ports. The chief aim of these institutions is to provide trading facilities to their members by such measures as may bring about uniformity in methods of business and trade usages, by making arrangements for arbitration and by providing such facilities as quick, cheap and reliable market news from the various important markets. The income and property of these institutions are not paid or transferred either directly or indirectly by way of dividend or bonus to members. The East India Cotton Association and the Marwadi Chamber of Commerce, Bombay, and the Karachi Indian Merchants' Association may be cited as typical instances of non-profit sharing exchanges.

The profit sharing associations, on the other hand, are started by the promoters mainly with the idea of earning profits. Consequently, these associations provide fewer facilities to their members than non-profit sharing associations. With a view to augmenting their profits, some associations belonging to this category advance their surplus money against the security of produce pledged to them. A vast majority of produce exchanges working up-country belong to this class and the Indian Exchange, Ltd., Amritsar, may be cited as a typical instance of this class.

CHAPTER II.—FAIRS.

Of the two classes of fairs mentioned in the preceding chapter, fairs which have acquired some importance in the livestock trade or in the trade in agricultural produce are dealt with in this chapter. The other class includes fairs which are mainly religious in their nature and are hardly important from the point of view of marketing of agricultural produce and has, therefore, been left out from this report.

A.—Livestock and produce fairs.

(1) Number and distribution.

(*a*) *Number.*—The number of livestock and produce fairs held in the various provinces and States in India during recent years is shown in Appendix I. It will be seen from the figures given therein that in all there are over 1,700* livestock and produce fairs in India. Out of this, about 50 per cent of the fairs deal in livestock only, about 10 per cent both in livestock and produce while the remaining 40 per cent handle agricultural produce only.

Produce fairs are almost entirely confined to Bihar and Orissa, while those dealing in both livestock and agricultural produce are found in Madras, Bihar, Orissa and Bhopal.

(*b*) *Distribution.*—The distribution of livestock fairs (including those dealing in livestock as well as agricultural produce) is indicated by the figures given in the following table and the map facing this page.

Number and distribution of livestock fairs in India.*

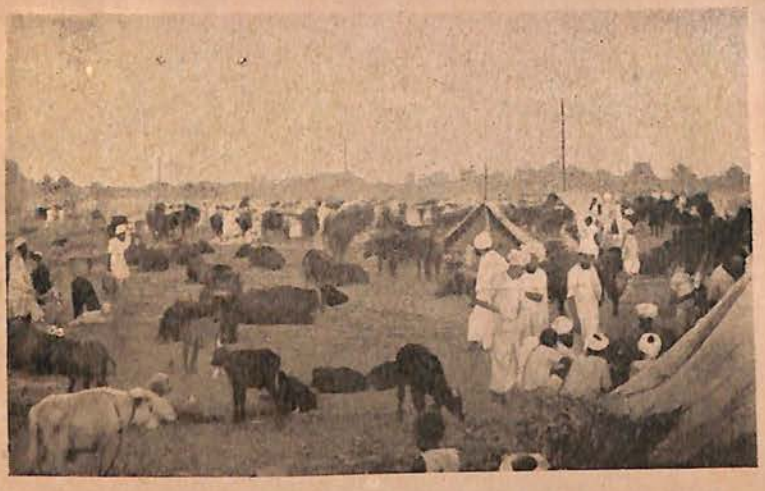
Provinces and States.	No. of livestock fairs.	Percentage to the total.	Provinces and States.	No. of livestocks fairs.	Percentage to the total
Provinces and Minor Administrations—			*States—*		
United Provinces	190	18·6	Mysore	86	8·4
Bihar	135	13·2	Patiala	34	3·3
Punjab	127	12·5	Gwalior	32	3·1
Madras	113	11·1	Hyderabad	21	2·1
Bengal	61	6·0	Nabha	21	2·1
Bombay	36	3·5	Others†	92	9·0
Other Provinces and Minor Administrations	73	7·1	Total	286	28·0
Total	735	72·0	GRAND TOTAL	1,021	100·0

* Number of places where fairs are held.

† Excluding some States for which figures are not available.

Facing page 6.]

Facing page 7.]



General view of the Amritsar Cattle Fair.

General view of the Pushkar Fair.

It will be observed from the figures given above and the map facing page 6 that livestock fairs in India are mostly concentrated in a strip of the plain extending from Central Punjab on the West to North Bengal in the East. It will further be seen that about half the total number of livestock fairs in India are concentrated in the four provinces of the Punjab, the United Provinces, Bihar and Bengal.

The United Provinces leads all other provinces in the number of livestock fairs held. Two of the most important rivers sacred to the Hindus, namely, the Ganges and the Jumna, traverse this tract and hence the places of pilgrimage and the number of religious gatherings are more numerous in this tract. There have, therefore, been greater opportunities for the growth of livestock fairs in this region than anywhere else.

The distribution of livestock fairs in the various provinces and States is discussed below.

United Provinces.—The United Provinces has the largest number of livestock fairs in India, there being as many as 190 such fairs. The Unao district with 21 fairs ranks first and is followed by Hardoi and Cawnpore with 16 each. Etawah comes next with 15, Farrukhabad with 14 and Rae Bareli with 11. Thus about half the total number of livestock fairs held in this province are concentrated in these six central districts. The most important livestock fairs in this province are however held at Bateswar (Agra), Makanpur (Cawnpore), Dewa (Bara Banki), Etawah and Kakora (Budaun).

Bihar.—There are 135 fairs dealing in livestock in Bihar out of which 77 deal purely in livestock while the remaining 58 deal in livestock as well as agricultural produce. The majority of the livestock fairs in Bihar are located in the north-western part of the province which is a cattle breeding tract. 27 livestock fairs are held in Gaya district and 24 in Muzaffarpur district. Shahabad, Purnea and Palamau come next with 16, 14 and 13 livestock fairs respectively. The most important livestock fairs in this province are held at Sonepur (Saran), Barahpur (Patna), Hardi (Muzaffarpur), and Khagra (Purnea).

Punjab.—The total number of livestock fairs in the Punjab is 127. The fairs are mostly concentrated in the central and eastern districts of the province. Ludhiana district leads with 16 fairs and is closely followed by Sialkot with 12. Ferozepur and Sheikhupura come next with 11 each. The most important livestock fairs in the province are held at Amritsar, Lyallpur, Jahazgarh (Rohtak), Hissar and Gulushah (Sialkot).

Madras.—The total number of livestock fairs held in Madras is 113 and invariably all of them deal both in livestock and agricultural produce. Chittoor leads all other districts, having as many as 32. Madura and Tinnevelly come next with 10 livestock fairs each, while Coimbatore and Salem follow with 9 and 8 fairs respectively. The most popular fairs are held at Kizhur (Malabar), Sivalpuri (Tinnevelly), Kulgunda (South Kanara), Kuruvathi (Bellary), Kannapuram (Coimbatore) and Kalugumalai (Tinnevelly).

Bengal.—There are 61 livestock fairs in Bengal of which 31 (*i.e.*, about 51 per cent) are in Rangpur and 26 (*i.e.*, about 42 per cent) are in the Dinajpur district. Thus about 93 per cent of the total number of livestock fairs in the province are concentrated in these two districts. The only other districts where livestock fairs are held are Bogra, Jalpaiguri and Mymensingh. The biggest livestock fairs in the province are held at Daroani in the Rangpur district and Aloakhoa and Nekmurad in the Dinajpur district.

Bombay.—There are 36 livestock fairs in the province and of these as many as 15 are held in the Satara district. Dharwar contributes 5 and Belgaum and Bijapur 4 each. Thus more than three-fourths of the total number of livestock fairs in the province are concentrated in these four districts. The chief fairs are held at Mhasa (Thana), Mhaswad (Satara) and at Sholapur.

Other provinces and minor administrations.—Out of these Orissa and the Central Provinces are important. Between themselves they account for more than one-half of the total number of livestock fairs under this head. Orissa has 34 livestock fairs, 16 of which are held in the Koraput district. These fairs deal in agricultural produce also. In the Central Provinces there are 19 livestock fairs and they are located in the northern and western parts of the province. Hoshangabad and Nimar districts account for 3 each, and Saugor, Jubbulpore, Akola, Yeotmal, Amraoti, Betul and Mandla have one each. The most important of these fairs are held at Wun (Yeotmal), Singaji (Nimar), Garhakota (Saugor) and Hirdenagar (Mandla).

Next to Orissa and the Central Provinces come, Sind and Coorg with 7 livestock fairs each, Ajmer-Merwara and Assam with 4 each, Baluchistan with 3 and Delhi with only one. The livestock fair held in Ajmer-Merwara (Pushkar Fair) is one of the important livestock fairs in India.

States—Mysore.—Of all the Indian States for which figures are available, Mysore has the largest number of cattle fairs, there being as many as 86 of them. Many of these fairs are fairly important centres of livestock trade, assembling more than 10,000 heads of livestock. The livestock fairs are mostly concentrated in the eastern and southern districts of Kolar, Bangalore, Tumkur and Mysore which among themselves have over 73 per cent of the total number of livestock fairs in the State. The most important fairs in the State are Ghati Subramanyaswamy Jatra and livestock fair (Bangloře), Chunchanakatte Gangadhareswara Jatra and livestock fair (Mysore), Kyamanahally Anjaneyaswamy Jatra and livestock fair (Tumkur), Hemagiri Jatra and livestock fair (Mysore) and Sivaganga Sankramanothava Jatra and livestock fair (Bangalore).

Patiala.—Next to Mysore comes the Patiala State with 34 livestock fairs. About one-fourth of these fairs are held in the Barnala district which leads all other districts in the State in this respect. Bassi, Sunam and Patiala districts follow with 7 livestock fairs each. Thus these four districts taken together account for over three-fourths of the total number. The fairs held at Mansa (Barnala), Dharson (Narnaul), and Karhotta (Narnaul) are the more important ones.

Gwalior.—There are 32 livestock fairs held in the Gwalior State. The largest number of livestock fairs is held in the Guna district which has as many as 7 of them. Ujjain and Shajapur follow with 5 each. The biggest fair is held at Meghpura (Bhind). Gwalior and Baijnath (Shajapur) fairs are the other important fairs in the State.

Hyderabad.—21 livestock fairs are held in this State. Of these 5 are held in the Mahbûbnagar district, 4 in the Karimnagar district and 3 in the Warangal district. Thus about 57 per cent of the livestock fairs of the State are held in these three districts taken together. The fairs held at Malegaon in the Nander district and at Gadwal in the Raichur district are the most important.

Nabha.—There are 21 livestock fairs in the Nabha State out of which as many as 15 are held in the Amloh district.

Other States.—The number of livestock fairs in other States for which statistics are available is 92 of which Bhopal has 12, Bharatpur, Jind and Kalsia 9 each, Travancore 7, Kashmir, Kotah and Malerkotla 6 each, Bahawalpur 4; Jodhpur, Cochin and Wav 3 each, Kapurthala, Faridkot, Loharu and Dholpur 2 each, Karauli, Pargana Masuda, Bilaspur, Nalagarh, Pataudi, Bashahr and Baroda 1 each. The most important livestock fairs in these States are held at Parbatsar and Tilwara in the Jodhpur State, Omallur in the Travancore State, Bharatpur and Dig in the Bharatpur State, Dholpur in the Dholpur State, Sangod in the Kotah State and Taraoli in the Bhopal State.

Some particulars regarding important livestock fairs for which detailed figures are available are set out in Appendix II.

(2) Frequency, periodicity and duration.

(*a*) *Frequency.*—Most of the livestock and produce fairs in India are held annually. There are, however, some fairs which are held twice or four times a year, and even every month, but the number of such fairs is small. On the other hand, there are fairs which recur after a longer period than even one year. For instance, the livestock fair at Sonepur (Bihar) is annual, that at Amritsar is held twice a year, that at Shahdara (Punjab) is held once in every quarter and that at Kamalia (Punjab) is held once every month. On the other hand, the produce fair at Rajgir (Bihar) is held once every fourth year.

(*b*) *Periodicity.*—The periodicity of some of the important livestock fairs in India is indicated by the figures given in the table below:—

Some of the livestock fairs held in India during different months.

Province or State.	Jan.	Feb.	Mar.	Apr.	May.	June	July.	Aug.	Sep.	Oct.	Nov.	Dec.	Total.
Provinces.													
U. P.	1	...	...	...	...	...	...	...	....	3	2	...	6
Bihar	14	17	27	27	23	8	2	...	...	16	21	5	160
Punjab	...	2	4	3	1	1	1	2	2	1	1	...	18
Madras	5	15	11	13	7	9	...	...	1	4	2	1	68
Bengal	11	7	9	6	2	...	...	...	...	8	8	10	61
Bombay	1	...	...	...	...	...	...	...	1	...	2	3	7
C. P.	1	5	2	...	...	...	...	...	...	1	2	2	13
Others	5	2	2	11	2	1	...	1	...	1	1	...	26
States.													
Mysore	8	26	23	17	3	2	...	...	...	...	2	5	86
Patiala	...	...	1	2	1	...	2	4	...	2	1	...	13
Gwalior	6	7	4	5	1	...	...	...	...	1	2	2	28
Hyderabad	2	2	2	1	...	...	...	1	...	...	4	1	13
Others	...	2	1	3	1	1	...	3	...	2	1	...	14
Total	54	85	86	88	41	22	5	11	4	39	49	29	513

It will be observed from the above figures that the largest number of fairs occurs between October and May after which there is an appreciable drop. June to September are the rainy months and the uncertainty and inclemency of weather during this period appear to hamper the free movement of livestock and stand in the way of holding big livestock gatherings.

(*c*) *Duration.*—The duration of livestock fairs varies from one day to three months. Seven day fairs, however, appear to be the most common, followed by 15 day fairs and 10 day fairs. As will be seen from Appendix III, about 46 per cent of the fairs fall under these three classes while the duration of about 21 per cent of the fairs is less than a week.

(3) Attendance.

The attendance of people in the livestock fairs varies from a few hundreds to several thousands, depending upon the importance of a fair.

From the point of view of trade, persons attending these fairs may be grouped into the following three main classes:—

(*a*) Sellers. (*b*) Buyers. (*c*) Brokers.

(*a*) *Sellers.*—The various types of sellers in the livestock fairs are discussed below:

(*i*) *Cultivator-producers.*—The cultivator-producers keep livestock mainly for agricultural purposes. Cultivators in certain tracts, however, do the subsidiary business of buying livestock from surplus producing areas and selling them in the deficit areas. This practice appears to be common

in some of the cattle breeding tracts of the Punjab. For instance, cultivators from Ludhiana and Ferozepur districts purchase cattle from the *Malwa* and *Hariana* tracts and take them to the central Punjab, particularly to the districts of Amritsar and Jullundur.

(*ii*) *Special stock breeders.*—They are either big landowners or mostly semi-nomadic or nomadic tribesmen. The *thakurs* of Rajputana who breed horses come under the former class. Their number, however, is rather small. The semi-nomadic breeders follow a wandering mode of life during a portion of the year in order to graze their animals in suitable grazing areas and then revert to their normal farming work or other occupations during the rest of the year. *Rabaris* and *Rayakas* of Rajputana represent this type of breeders. The nomadic stock breeders, on the other hand, have adopted stock raising as their main profession. *Odes* and *Gaddies* of the Punjab may be cited as typical instances of these. Another instance of special stock breeders is found in the *Mathurias* and *Labanas* of the Berar district in the Central Provinces who rear cattle in their villages located in forest areas and sell the surplus animals in the various fairs and cattle markets.

(*iii*) *Livestock traders.*—There is a class of petty itinerant livestock traders in the main cattle breeding areas who assemble livestock with a view to selling them in fairs and markets of the tract. The *Reddi* and *Kapu* communities of Madras may be cited as instances of this type. In some cases, a number of them join together and assemble livestock jointly from the producing areas as is the case in the Nellore district. The operations of these petty merchants are, however, confined to small zones, but there is a class of traders with better finances who extend their activities over larger territories. They purchase livestock from one breeding tract and take them to another. Some of the itinerant traders working in groups also lead almost a semi-nomadic life. For instance, the *Aroras* of Multan, Dera Ghazi Khan and Mianwali districts (Punjab) assemble *Dajjal* and *Bhagnari* cattle from Sind and take them for sale not only to the various livestock fairs and markets within their respective districts but also to distant places in the central Punjab, such as Lahore, Amritsar and Jullundur.

Another class of livestock traders worth mentioning are the *Vanjaras* or *Banjaras*. In the Punjab, they take a prominent part in the export of young bullocks to the United Provinces from the south-eastern districts of the province. The operations of the *Vanjaras* in the Punjab are generally limited to the *Malwa* and *Hariana* tracts from where they take the animals to the various fairs and markets of the United Provinces.

(*b*) *Buyers.*—The buyers may be grouped into the following main classes:—

(*i*) Cultivator—producers
(*ii*) Slaughter stock dealers;
(*iii*) Urban milk dealers; and
(*iv*) Other livestock traders.

(*i*) *Cultivator—producers.*—The cultivators usually visit the nearest fairs for purchasing draught cattle and milch animals for their own needs. In some cases, however, a few of them combine and purchase animals even from distant fairs which are famous for a particular type of breed. For instance, cultivators of the central Punjab visit fairs held in the eastern Punjab in order to purchase *Hariana* bullocks or cows.

(*ii*) *Slaughter stock dealers.*—The slaughter stock dealers also purchase their requirements from fairs. For instance, in the Punjab, *Kasais* are found in almost all the livestock fairs. Their main interest lies in the purchasing of animals for the slaughterhouses, though they do a certain amount of business in other kinds of animals (chiefly bullocks) also. Similarly, another class of traders known as *Rashas* who are *Pathans* and *Kasais* of Hazara, Peshawar, Bannu (N.-W. F. P.), Rawalpindi and Attock districts buy old and worn out cattle from various livestock fairs in the Punjab.

(iii) *Urban milk dealers.*—In the large cities of India, for instance, Calcutta, Madras, Bombay, Benares and Lahore, *Goalas* keep a large number of milch cattle for supplying the milk requirements of the city. These *Goalas* purchase their requirements from fairs and markets either directly or through local agents or brokers.

(iv) *Other livestock traders.*—These include the itinerant dealers who play an important role both as sellers and as buyers. Besides these a class of traders deals in draught cattle used in the cities. For instance, some *Sheikhs* from the neighbourhood of Lahore purchase bullocks from the Jacobabad fair in Sind to supply the needs of the bullock-cart pliers at Lahore and Amritsar on instalment basis.

(c) *Brokers.*—Although the sellers and buyers quite often transact business directly, the services of brokers are also sometimes employed for negotiating transactions. A broker may represent either the buyer or the seller or both. Most of the brokers belong to semi-nomadic and nomadic stock breeding communities and, therefore, are known to the sellers or buyers of these communities.

In the Punjab, brokers may be either licensed or unlicensed. Unlicensed brokers usually operate in livestock fairs which are not held under the control of any local body, whereas, in the livestock fairs under the management of district boards and municipalities only licensed brokers are allowed to work. A licence entitles the broker to work for a specified period which, in the case of cattle fairs, usually expires with the termination of the fair.

In the United Provinces, there is no compulsory licensing of brokers though in a few fairs like Dewa and Bateswar, some fees are charged. In Bihar and Orissa, professional brokers work without any licence and they visit important fairs like Sonepur from such distant places as Calcutta, Allahabad and Lahore. In Bengal, there is no licensing of brokers. Similarly in Assam, brokers need not take out any licence. In this province, brokers are usually employed as they are considered indispensable on account of their superior knowledge about the imported cattle breeds.

(d) *Number of persons attending fairs.*—The attendance of people in some of the important fairs is given in Appendix II. In Ajmer-Merwara attendance at the Pushkar cattle fair is estimated to be about 100,000. In Assam, the average attendance at the 2 important fairs of Gauripur and Siddheswar is estimated to be about 3,000. In Bengal, out of 61 fairs, the attendance in 43 is between 5,000 and 10,000 and in the remaining 18 between 10,000 and 50,000. In Bihar, the majority of fairs attract less than 10,000 people but there is a fairly large number—as many as 50—of livestock fairs having an attendance between 10,000 and 50,000. There are only 2 fairs, namely, Sonepur and Khagra, where the attendance exceeds 50,000. In the Central Provinces, 3 fairs, namely, Singaji, Wun and Garhakota, have an attendance of over 50,000, the next three, *viz.*, Sindkhed, Mandhata and Kategaon, between 10,000 and 50,000 while the remaining seven are attended by less than 10,000 people. In the Punjab, attendance in 5 livestock fairs, namely, Jahazgarh, Hissar, Amritsar, Gulushah and Lyallpur, exceeds 50,000, in about 20 fairs it ranges between 10,000 and 50,000 while in others it is below 10,000. In Sind, livestock fairs attract fairly large numbers of people although the number of livestock assembled is rather small. The average attendance at each of the fairs is estimated at about 15,000 to 20,000 people. The attendance at the Pithoro fair is particularly large, sometimes going up to 75,000 people or more. In the Gwalior State, attendance even in the case of important livestock fairs does not exceed 10,000. In the Hyderabad State, attendance in fairs generally varies from about 10,000 to 50,000 persons and in a few cases it goes upto 100,000. Estimates of

attendance for 409 fairs located in different provinces and States are given in the table below:—

Province or State.	No. of fairs for which estimates of attendance are available.	Total attendance.
Ajmer-Merwara	1	100,000
Assam	2	6,000
Bengal	18	300,000
Bihar	*184	1,746,000
Bombay	7	233,000
Central Provinces	13	320,000
Madras	33	516,000
Orissa	4	30,000
Sind	5	95,000
United Provinces	6	698,000
Bharatpur	2	44,000
Bhopal	3	50,000
Cochin	1	10,000
Dholpur	1	15,000
Gwalior	4	37,000
Hyderabad	21	880,000
Jodhpur	3	20,000
Kotah	1	5,000
Mysore	86	1,099,000
Patiala	13	216,000
Travancore	1	20,000
Total	409	6,440,000

* Some of these fairs are held more than once a year.

The average attendance per fair works out at about 16,000. As the above list includes figures for most of the important fairs, it is assumed that in the case of the remaining fairs, majority of which consists of small ones, the average attendance would be much below this average figure.

(4) Communications.

Good roads facilitate the movement of cattle from one tract to another not only because they serve as means of communications but also because trees planted on their sides provide shade. On certain roads resting places are also found at different stages. The movement of livestock from the surplus producing areas to the deficit areas, therefore, takes place mostly by road.

In Assam, the means of communications are generally unsatisfactory. Only 2 out of the 4 livestock fairs are served by road and rail.

In Bengal, most of the livestock fairs are easily accessible either by rail, road or river. There is very little movement of livestock by water over long distances, the traffic being transported across water only at the crossing of rivers. There are practically no telegraphic or telephonic communications in the interior of the province except in the case of fairs which are held within a reasonable distance from a railway station or a telegraph office.

In Bihar, about one-third of the fairs are within 5 miles from railway stations and the majority of others within 10 to 15 miles. There are, however, quite a large number of fairs which are also served by road and in some

cases (*e.g.*, the Sonepur fair) navigation facilities across the rivers are also available. Telegraphic facilities are within easy reach of the fairs located near the railway stations. In the case of important livestock fairs, such as Sonepur, temporary telegraphic communications are set up by the postal department within the fair premises.

In Bombay, the majority of fairs are well served by means of communications, such as road, rail and water, excepting in the case of a few which are located in the interior of the province. Postal and telegraphic facilities are also provided in most of the important fairs and in the case of bigger ones, like Sholapur, even telephonic communication is available.

In the Central Provinces, most of the fairs are approachable by *pucca* roads and some of them like the Wun, Singaji and Mandhata fairs have each a railway station close by. A few of the fairs are served by telegraph offices but none of these fairs has any telephonic connection.

In Madras, most of the fairs have road communications. Some of them which are held at important towns are connected by railways as well and have postal and telegraphic facilities within 4 to 5 miles of the site of the fair. No telephonic facilities, however, exist in any of them.

In the Punjab, most of the cattle fairs are located near railway stations or are connected by metalled roads. The only example of an important livestock fair having no *pucca* road is the Gulushah fair in the Sialkot district. It is, however, connected by a *kachcha* road with the important towns in the district. Postal facilities exist in the case of almost all the cattle fairs though telegraphic and telephonic connections are available only in the case of fairs held near important towns.

In the United Provinces, the majority of the livestock fairs are connected either by rail, road or river, the largest number being served by *kachcha* roads. Some of them possess postal facilities but only a few of these are served by telegraph and telephone offices.

In the Gwalior State, almost all the fairs are connected by *pucca* roads and a few are served by railways as well. Fairs which are held near towns and cities have postal facilities and in the case of certain important fairs, such as, the Meghpura and Agar fairs, which are held in the interior of the State, special postal arrangements are made.

In the Hyderabad State, almost all the fairs possess rail or road communications and those occurring in towns and cities possess postal and telegraphic facilities also. In the case of important livestock fairs held in the interior of the State, where regular post offices do not already exist, temporary postal services are arranged for the duration of the fair.

In the Travancore State, practically all the fairs are well served by various means of communications.

Although the majority of the livestock fairs in India are connected either by rail, road or water, some of the important livestock fairs are served by *kachcha* roads only. It is desirable that as far as possible good roads should be provided for at least all the important fairs. As regards postal, telegraphic and telephonic facilities, most of the important livestock fairs possess postal facilities. Some of the important fairs, however, lack telegraphic and telephonic facilities. The Daroani fair in Bengal and the Singaji and Garhakota fairs in the Central Provinces may be quoted as instances. It is desirable that all the important livestock fairs should be provided with these facilities at least for the duration.

(5) Types, breeds and number of livestock handled in fairs.

(*a*) *Types.*—The most important animals handled in the livestock fairs are bullocks, buffaloes, cows and youngstock. Besides these, bulls, camels, horses, ponies, donkeys, sheep and goats and even elephants are also brought to the fairs. The following table shows the importance of the

different types of livestock assembled in fairs in some of the provinces and States:

Types of livestock present in certain livestock fairs and shows in India.*

(Average of 1936-37 to 1938-39.)

Province or State.	No. of fairs† for which figures are available.	Total number of stock present:							
		Bulls.	Bullocks	Cows.	Young-stock.	Buffaloes.	Camels.	Others.	Total.
Provinces—									
Punjab	‡267	5,405 (0·6)	340,928 (38·8)	83,269 (9·5)	79,165 (9·0)	248,795 (28·3)	62,757 (7·1)	59,258 (6·7)	879,577 (100·0)
United Provinces.	33	9,886 (2·4)	136,245 (32·8)	24,592 (5·9)	90,861 (21·9)	33,179 (8·0)	57,234 (13·8)	62,921 (15·2)	414,918 (100·0)
Bihar	24	79 (...)	224,098 (70·7)	15,477 (4·9)	52,754 (16·6)	14,848 (4·7)	1,861 (0·5)	8,332 (2·6)	317,249 (100·0)
Madras	44	48,136 (23·3)	129,435 (62·7)	7,975 (3·9)	16,046 (7·8)	3,144 (1·5)	33 (...)	1,578 (0·8)	206,347 (100·0)
Bengal	60	906 (0·8)	83,678 (77·1)	928 (0·8)	3,670 (3·4)	16,353 (15·1)	1,044 (1·0)	1,948 (1·8)	108,527 (100·0)
Central Provinces and Berar.	8	11,130 (24·0)	17,907 (38·7)	4,339 (9·4)	6,237 (13·4)	4,370 (9·4)	25 (0·1)	2,313 (5·0)	46,321 (100·0)
States—									
Mysore‖	‡101	94,851 (11·7)	615,105 (76·0)	17,302 (2·2)	77,206 (9·5)	3,570 (0·4)	...	1,977 (0·2)	810,011 (100·0)
Hyderabad‖	‡25	1,726 (11·9)	7,676 (52·6)	686 (4·7)	1,170 (8·0)	350 (2·4)	674 (4·6)	2,309 (15·8)	14,591 (100·0)
Total	562	172,119 (6·2)	1,555,072 (55·6)	154,568 (5·5)	327,109 (11·7)	324,609 (11·6)	123,428 (4·4)	140,636 (5·0)	2,797,541 (100·0)

Figures within brackets denote percentages.

* Figures taken from Annual Reports of the Civil Veterinary Department.

† A few of these are pure shows.

‡ Some of these fairs are held more than once a year.

§ Figures relate to the year 1938-39.

‖ Figures relate to the year 1937-38.

It will be observed from the figures given above that, on an average, bullocks predominate forming as much as about 56 per cent of the total number of animals assembled. The highest percentages are in Bengal and Mysore, being about 77 per cent and 76 per cent respectively of the total number of animals present.

Young stock and buffaloes come next, each of them forming about 12 per cent of the total number of livestock assembled.

Young stock appear to occupy a special position in the fairs in the United Provinces, accounting for more than one-fifth of the animals present. Buffaloes are quite conspicuous in the fairs in the Punjab, claiming over one-fourth of the total number present.

Bullocks, young stock and buffaloes together account for about 80 per cent of the total number of livestock assembled in the fairs. Bulls, cows, camels and others make up the balance.

Some fairs are better known for certain kinds of animals than others. For instance, in the Punjab, almost all the important livestock fairs in Hissar, Rohtak and Ferozepur districts, particularly those held at Jahazgarh, Hissar, Bhiwani, Moga, and Muktsar, are specially known for bullocks. Buffaloes abound in fairs held in the Rohtak, Ferozepur and Sheikhupura districts, while camels are concentrated in the fairs in the Ferozepur, Hissar and Lyallpur districts.

The Pushkar fair in Ajmer is famous for camels as the following figures will indicate:

Total number of animals admitted.

	1938.	1939.	1940.	Average.	Percentage to the total.
Horses	1,854	799	1,896	1,516	7·6
Cattle	13,131	6,320	9,273	9,575	47·6
Camels	11,409	6,462	9,159	9,010	44·8
Total	26,394	13,581	20,328	20,101	100·0

The above figures show that camels accounted for as much as about 45 per cent of the total number of animals admitted into this fair.

In the Central Provinces, the Singaji fair deals mostly in bulls and bullocks which form as high a percentage of the total number of livestock as 70. The Wun fair seems to specialise in bullocks which form as much as 88 per cent of the total number of animals assembled.

The Sibi and Quetta fairs in Baluchistan mostly handle horses and mares. Similarly in Hyderabad (Deccan), the Malegaon fair has been an important centre for the distribution of horses since time immemorial and for that reason it has come to be known as *Ghodonka Malegaon* literally meaning "Malegaon of horses". In southern India, bullocks and bulls are more common in livestock fairs.

(*b*) *Breeds.*—Cattle form by far the largest percentage of the total number of livestock assembled in the fairs and a brief account of the various breeds handled in different tracts is given below.

The fairs in the south-eastern districts of the Punjab, such as those held at Jahazgarh, Hissar, Bhiwani and Hansi, deal mostly with the *Hariana* breed of bullocks and cows and the *Murrah* breed of buffaloes. The demand for small sized cattle, particularly suited for the working of persian wheels in the *Bet* tract (riverine tract) along the rivers Beas and Sutlej and for cultivation in the sub-montane tracts is mostly met from the livestock fairs held at Ludhiana, Jullundur, Hoshiarpur and Gurdaspur. The Gulushah fair in the Sialkot district is specially known for the *Dhanni* breed of cattle. Some of the big fairs, such as those held at Amritsar and Lyallpur, handle cattle of a large number of breeds. *Sahiwal* breed is fairly common in the fairs held in the Nili Bar area particularly in the Montgomery district. In the United Provinces fairs held in the sub-Himalayan districts of Dehra Dun, Saharanpur, Bijnor, Moradabad, Naini Tal (partly), Bareilly, Pilibhit, Kheri, Bahraich, Gonda, Basti, Gorakhpur and Rampur State, mainly assemble cattle belonging to *Panwar* and *Kherigarh* breeds. In the fairs held in the Upper Gangetic Valley districts of Muzaffarnagar, Meerut, Bulandshahr, Aligarh, Muttra, Agra, Etah, Mainpuri, Farrukhabad, Etawah, Cawnpore, Fatehpur and Allahabad cattle imported from and through Rajputana and the Punjab are dealt with, the main breeds being, *Nagori*, *Malvi*, *Mehwati* or *Kosi*, and *Hariana*. In the Lower Gangetic Valley, comprising the districts of Budaun, Sitapur, Shahjahanpur, Hardoi, Lucknow, Unao, Rae Bareli, Partabgarh, Sultanpur, Bara Banki, Fyzabad, Jaunpur, Benares, Mirzapur, Ghazipur, Azamgarh and Ballia, cattle imported from the sub-Himalayan region, Upper Gangetic Valley and Bundelkhand-*cum*-Baghelkhand regions are mainly handled. *Murrah* buffaloes from the Punjab and local breeds of buffaloes are also traded in. In Bihar, mostly the local breeds are assembled though in some fairs animals imported from the United Provinces and the Punjab are also handled. In Bengal, the Bihar breeds of cattle generally predominate though animals of certain breeds from the Punjab and the United Provinces are also brought. The percentage of local cattle is rather small. In the Central Provinces, the *Malvi* type

of bullocks are most common in the livestock fairs; other breeds such as *Gaolao*, and *Nimari* are also met with. The *Gaolao* breed is sold chiefly in Sindkhed, while the *Nimari* breed appears to be confined mainly to the Singaji fair. In Bombay, *Amritmahal* breed is mostly distributed through the fairs held in Dharwar district while in those held in Sholapur and Satara, *Khilar* breed is chiefly handled. In the Thana district, *Malvi* breed is found along with *Khilar*. Cattle of *Gir* breed are found in the fairs held in the northern sections of the province and those of *Kankrej* in those held in the Ahmedabad district. The chief breeds handled in the cattle fairs in Madras are *Ongole*, *Alambadi* and *Kangayam*. The chief breeds of cattle handled in the livestock fair in Sind are *Bhagnari*, *Thar parkar*, and *Sindhi*. In the Parbatsar fair in Jodhpur, bullocks of *Nagori* breed are assembled in fairly large numbers. In the Hyderabad State, the chief breed dealt with in the fairs in the districts of Warangal, Karimnagar and Nizamabad is *Malvi*. In the districts of Mahbubnagar and Raichur, *Krishna valley* breed is mostly met with, while in the districts of Aurangabad, Nanded, Gulburga, Osmanabad and Bidar, *Deoni* is the leading breed. In the livestock fairs in the Mysore State *Hallikar* and *Amritmahal* are the important breeds.

In addition to pure breeds, crossbred and non-descript animals are also brought to the livestock fairs for disposal.

(c) *Number of livestock assembled.*—The number of livestock handled in a fair depends upon a number of factors such as the importance of the locality, the breed of cattle assembled and the frequency of the fair. Epidemics and famines have also exercised a good deal of influence in certain years. The Jahazgarh livestock fair is located in an important cattle breeding tract of the Punjab and is a famous fair for cattle of *Hariana* breed. Annual and bi-annual fairs usually attract more livestock than those which occur more frequently. In the Pushkar fair (Ajmer-Merwara), the number of livestock assembled during 1939 fell to about 13,600 from 26,400 in the preceding year, mainly due to the prevalence of famine conditions in the tract. The popularity of fairs further depends upon the encouragement extended to them by the State authorities. For instance, the Gwalior Durbar has granted concessions in the export duties and the entrance fees into the fairs. No duty is charged on animals brought whether from outside or within the State to a fair recognised by the State and the rates of duties on the export of cattle are reduced to one-half of the rates normally levied on the export of cattle. These measures are reported to have resulted in attracting more sellers and buyers and also more livestock.

The number of livestock handled in a fair varies from a few hundreds as in the case of fairs in Baluchistan to several thousands as in the fairs at Amritsar, Jahazgarh and Sonepur.

In Ajmer-Merwara, the Pushkar fair attracts as many as 21,000 animals. In Assam, the number of livestock handled is rather small being less than 5,000. In Bengal also the fairs are not largely attended, the assemblage of livestock not exceeding 10,000 in the majority of them. The biggest livestock fair in the province handles about 25,000 animals. In Bihar, there is an appreciable number of fairs which deal in about 10,000 or more animals while in Bombay, the number in most of the fairs does not exceed 5,000. In the Central Provinces, the number of livestock varies from 1,000 in the Haripura fair to 35,000 in Wun, but the majority of them assemble below 10,000. In Madras and Mysore, the number of fairs having more than 10,000 animals is probably larger than anywhere else in India. In the Punjab, livestock fairs on an average handle more than 3,000 cattle, the range of variation lying between a couple of hundred animals in the fairs of Muzaffargarh district to about 60,000 livestock in Jahazgarh and about 100,000 in the Amritsar fair. Fairs in Sind are sparsely attended. In the United Provinces, the majority of fairs attract less than 5,000 animals though there are some fairs which attract

over 10,000 animals, *e.g.*, the Bateswar fair handles about 170,000 animals and the Makanpur fair about 32,000

It will be seen from Appendix II that some of the fairs in the States handle fairly large number of livestock. For instance, Parbatsar and Tilwara fairs in Jodhpur State handle about 43,000 and 35,000 livestock respectively. Similarly, the number of livestock passing through the Omallur fair in the Travancore State is estimated at about 52,000.

Estimates of livestock assembled in some of the livestock fairs in different provinces and States are given below:—

Number of livestock assembled in some fairs in India.

Province or State.	No. of fairs* for which figures of livestock handled are available.	Total number of livestock handled.
Ajmer-Merwara	1	21,000
Assam	2	7,000
Baluchistan	2	1,000
Bengal	12	133,000
Bihar	24	317,000
Bombay	11	70,000
Central Provinces	5	75,000
Coorg	7	9,000
Madras	39	425,000
Punjab	11	569,000
Sind	5	4,000
United Provinces	33	415,000
Gwalior	4	57,000
Hyderabad (Deccan)	2	10,000
Jodhpur	3	93,000
Mysore	101	810,000
Patiala	13	63,000
Travancore	1	52,000
Other States	7	105,000
Total	283	3,236,000

* Some of these fairs are held more than once a year.

From the figures given above, the average number of livestock per fair works out at a little over 11,000. This average, however, may not be applicable to the rest of the fairs, as the figures given in the above table chiefly relate to important fairs only in some of the provinces and States. If the smaller fairs were also taken into consideration, the average would be much lower than this figure.

In both the produce and livestock and produce fairs, agricultural products grown in the locality are assembled. For instance, in the Tiruvannamalai fair in Madras, paddy, chillies, tamarind, jaggery, etc., are brought for sale in addition to the livestock. It is, however, difficult to give a reasonably accurate estimate of the amount of agricultural produce handled in such fairs.

(6) Organisation and control.

The livestock fairs in India are organised and controlled by any of the three agencies: (1) District Officers; (2) Local Bodies, *i.e.*, district boards or municipal committees or *Panchayats;* (3) private agencies like *zamindars* and religious institutions under whose auspices such fairs are held. The help of the various Government Departments like the Police, Revenue and Civil Executive, is invariably taken in the management of all the important fairs. The Public Health Department looks after the sanitary arrangements and officers of the Veterinary Department provide necessary medical assistance for the animals.

In Ajmer-Merwara, the Pushkar fair is under the control of a fair committee appointed by the Commissioner, Ajmer-Merwara while others are under private control.

In Assam, the Surma Valley (Siddheswar) fair is controlled by a committee of officials and non-officials. The Deputy Commissioner of the district is the Chairman of this committee. The Gauripur fair is managed by the Gauripur Estate.

In Bengal, the fairs are mostly under the control of private owners who are required to take out licences from the district board. Certain conditions like the provision of the sanitary facilities, water supply and the drainage of the site where the fair is to be held have to be observed by the licence holders.

In Bihar also, the majority of the livestock fairs are under the direct control of *zamindars* who organise such fairs under the supervision of district boards. The district boards look after the sanitation and water supply of the fairs and provide the necessary medical aid to the livestock.

In Bombay, the authority to sanction a new fair rests with the District Magistrate who is also empowered to cancel a fair in the event of the outbreak of epidemics, water shortage or similar abnormal conditions. The local bodies also have a share in the responsibility of organising and controlling these fairs. For instance, in the case of the Vautha fair in Ahmedabad district the president of the Taluka Local Board is responsible for the organisation and control of the fair. He is assisted by a fair committee elected from amongst the local population.

In the Central Provinces, all the livestock fairs are organised and controlled by the Deputy Commissioners of the respective districts with the assistance of superintendents, assistant superintendents and fair committees.

In Delhi, the local district board is the organising and controlling authority for the livestock fair held in the province.

In Madras, the control and management of the various livestock fairs are in the hands of district boards, *Panchayats*, municipal committees, private persons or temple trustees, as the case may be. The right of collecting tolls is usually auctioned once a year and the contractor keeps his own men to realize these. The veterinary officers attend these fairs and inspect the animals with regard to diseases. In cases of epidemics, like rinder pest, anthrax, etc., breaking out amongst the cattle in the locality at the time of the fair, the collector of the district is authorised to stop the fair under the provisions of the Madras Cattle-Diseases Act II of 1866.

In the Punjab, almost all the livestock fairs are under the control of local bodies, mostly district boards. Only a few important fairs are managed by the municipal committees concerned, the most important examples being the Amritsar Baisakhi and Dewali livestock fairs and the Dusehra livestock fair at Jullundur. The organising authority usually appoints an officer generally known as Mela Officer for the management and control of cattle fairs and the collection of dues. The Punjab Government has issued a consolidated circular in regard to the holding and management of the various types of fairs and these are applicable to the livestock fairs also. Under these rules, organising authorities of the livestock fairs are entitled to levy certain fees on the trade for the purpose of defraying expenses incurred in the management of fairs and the provisions of facilities for the trade.

In the United Provinces, by far the largest number of fairs are reported to be organised by the religious institutions, *zamindars* or fair committees, a very small percentage of the fairs being managed by local bodies.

In the Patiala State, the sites where fairs are held belong to the State and a Tehsildar is placed in charge of each fair. He is assisted by a Cattle Fair Inspector or Assistant Inspector. All the cattle fairs are under the control of the Director of Agriculture and the local Deputy Commissioner who are responsible for the general management of each fair. In the Gwalior State, the fairs are under the control of the Department of Commerce and Industries, while in the Hyderabad State, they are under the

control of the Local Fund Department. In the Mysore State, the fairs or *Jatras* are under the control of one of the following:

(1) *Muzarai* Department assisted by a committee of local *Dharmadersies*;

(2) District boards similarly assisted; and

(3) Local Municipal Councils.

In the Travancore State, the majority of the fairs are under the control of the State and only 2 fairs are under the control of municipalities.

(8) MARKET CHARGES.

Livestock fairs are generally held on fixed dates, mostly according to the local calendar. People in the locality and the livestock dealers coming from distant places know these dates and visit these fairs accordingly. The organising and controlling authorities of some of the important fairs give publicity to these fairs by issuing advertisements in newspapers and issuing pamphlets or hand-bills. Sometimes they also address important traders and shopkeepers individually.

The livestock are usually assembled at the site of the fair just a few days before the fair actually commences. The assembling of livestock continues throughout the duration of the fair and some animals may be received even on the last date. Before entry into the site, admission fee is charged in certain fairs like Kizhur (Madras), but in others no fees are levied. Generally speaking, different kinds of livestock are kept together, except in the case of certain important fairs where separate wards are provided for different types. The Gulushah fair (Punjab) may be given as an instance of the former type and the Bateswar fair (United Provinces) of the latter.

There are no fixed hours of business. In the fairs, the livestock are open for sale throughout their stay there. The buyers make rounds at all hours convenient to them. The sellers of livestock coming from the tract surrounding a particular fair sometimes bring their cattle in the morning, keep them in the fair till sunset and drive them back to their respective places in case they are not able to sell. The visits are repeated till the animals are sold. This practice prevails in fairs where no entrance fee is charged.

Transactions may be made either directly between a seller and a buyer or through a broker. In fairs where unlicensed brokers are allowed to operate, their dealings are not reported to be always fair. In the Patiala State, sales and purchases of animals are done generally through brokers though their employment is not obligatory. If any of the brokers resorts to a malpractice, he is given a black mark in a register kept in each Tehsil and a report of it is submitted to the controlling officer (the Director of Agriculture). Three such black marks entail the removal of a broker's name from the list of brokers.

Before purchase every animal is examined for the presence or absence of certain factors of quality. In all classes of cattle, the presence of so-called objectionable hair-spins and marks is considered an unlucky feature. This is particularly so in the Central Provinces and Peninsular India though in Northern India also some importance is attached to it by Hindu buyers.

In the case of draught cattle, the breed, size, age and general appearance of the animal are examined, special care being devoted to the examination of any malformation. After the buyer is satisfied about the above qualities, he settles the price directly or through the broker, as the case may be, after a good deal of higgling. The settlement of price is a particularly tedious job and may involve a good deal of time and repeated negotiations between the seller and the buyer or their representatives. The settlement of price is often subject to successful performance by the animal either at the plough or the cart or both, as is decided between the parties. The performance of the animal is tested on the spot either in a plot available in the fair or in an adjoining field. In most fairs in Patiala, the fair authorities engage a man with a plough and one animal, whose duty is to yoke

any animal brought by a seller or a buyer for trial. He is paid by the buyer a small fee of three to six pies per trial. It is reported that buyers are greatly satisfied with this arrangement. It would be desirable to have similar arrangements in other livestock fairs also.

In the case of milch cattle, buyers look to breed, age of the animal, number of lactation, general appearance, sex of the calf and milk yield. The temperament of the animal is also taken into consideration. Prices are settled after a good deal of higgling as in the case of other livestock. Milking is done three or four times to arrive at some reasonably accurate idea of the performance of the animal. It is reported that some unscrupulous sellers resort to clever malpractices to give an exaggerated idea of the milk yield of the animals. It seems that a scheme of milk recording and breed registration, if properly worked out, would greatly facilitate the sale of good milkers as buyers would be able to satisfy themselves about the real performance of the animal and also about the record of its previous history and pedigree. Sellers of good animals would also be benefited as the maintenance of such records would help them in selling their animals at fair prices. The importance of such records has long been realised and the Imperial Council of Agricultural Research has taken steps to popularize and promote the registration of animals and recording of their milk yields. In 1936, it was decided by the Council that Central Herd Books should be established at New Delhi and maintained by the Animal Husbandry Bureau of the Council in respect of all milch breeds of all-India importance. Since then necessary steps have been taken and Central Herd Books for Indian cattle have now been established. To begin with, the scheme is restricted to the *Sahiwal*, *Sindhi* and *Hariana* breeds of cattle and the *Murrah* breed of buffaloes. Any *bona fide* owner and breeder interested in this work can obtain a copy of the Rules and Regulations free of cost on application to the Secretary, Imperial Council of Agricultural Research, New Delhi. It is hoped that this scheme will prove beneficial to both sellers and buyers.

Prices are settled either before the trial of the performance of the animal or afterwards, both the systems being in vogue in different fairs. Sales are invariably made per individual animal though in certain cases sales may be effected in pairs. Only nomadic and semi-nomadic dealers sometimes sell their animals in groups of 10, 15 or 25 and over. Prices are settled (*a*) under cover; or (*b*) by private treaty or by exchanging animal for animal.

(*a*) *Under cover.*—In this case, the buyer or his broker clasps the hand of a seller or his broker under the cover of a cloth and indicates the price he is prepared to pay by pressing the fingers of the hand. The bids may be repeated as many times as are considered necessary.

(*b*) *Private treaty.*—According to this system, buyers and sellers or their representatives whisper or announce their respective offers and continue higgling. These offers are not usually binding on the person making them unless they are repeated by him in the presence of a third party. It is a usual custom for the seller to demand a small amount of earnest money known as *sai* or *biyana*. In certain tracts, *e.g.*, in the Punjab, Delhi, Assam and Madras; *biyana* is paid by the buyer before the performance of the animal is tested. After the buyer is satisfied about the performance and the price has been fixed, payment is made in cash after deducting the amount of *biyana* advanced. On the other hand, if the buyer does not find the animal up to the mark or he wants to cancel the contract, the *biyana* advanced may either be returned as is usually the case in the Punjab or is forfeited as is the case in Assam and Madras.

After the price is settled, the sale is registered with a *Parchinawis* (deed-writer) on payment of registration charges. The deed-writers either go moving about in the fairs as in the Amritsar and Lyallpur fairs or remain at a prominent place as is the case in the Hissar and Gulushah fairs. The payment is invariably made in cash though in a few cases one animal is

exchanged for another and the difference in prices, if any, is adjusted by cash payment. Disputes are usually referred to the controlling authorities in the fair for arbitration. In certain cases (*e.g.*, in the Patiala State), disputes between sellers and buyers are generally settled by the village head-men and are referred to the officers attending the fair only in rare cases. Delivery of the sold animal is effected only after the payment is received in full and this is done by handing over the rope of the animal to the buyer. The seller has no right to claim back the animal once the rope has been handed over.

(8) Market charges.

Market charges in respect of livestock vary with different kinds of animals. For instance, in the Pushkar fair in Ajmer-Merwara, a capitation tax on mules and donkeys is charged at 4 annas per head while on camels it is Rs. 3 per head. Similarly, the rate of toll-tax in the same fair varies from 6 pies in the case of ponies, mules, bullocks, donkeys or buffaloes to 1 anna per head for camels and horses.

Market charges for cattle in respect of some of the important livestock fairs in different provinces and States are given in Appendix IV. It will be noticed therefrom that the charges vary greatly from area to area. Besides this, the method of levying the charges also differs greatly. For instance, the registration fee on the sale of animals is realised on the sale value of the animals in most of the fairs in the Punjab, while in most other provinces it is levied per head of animal. Similar variation exists in the case of brokerage. All the market charges including brokerage are payable in cash. The various market charges may be classified as follows:

(*a*) Admission fee; (*c*) Brokerage; and

(*b*) Registration fee or fee on sales; (*d*) Miscellaneous.

(*a*) *Admission fee.*—A reference to Appendix IV mentioned above shows that out of the 33 fairs held in different provinces for which figures are given therein, admission fee is charged only in the case of 11 fairs in the provinces and in all the fairs in the Mysore State. It will also be seen that the admission fee is almost invariably charged in the fairs held in Madras. In Madras and Mysore, the admission fee is the main source of income to the fair authorities and no fee is charged for registration or on sales. In the Jahazgarh fair (Punjab), Pandharpur and Mhaswad fairs (Bombay) and the Kakora fair (United Provinces), admission fee is charged in addition to the registration fee. The rate is invariably fixed per head of animal. In the Mysore State, the rate varies from 1 to 2 annas per head, while in Madras the usual rate is 4 annas per head, though in certain cases it goes even higher.

(*b*) *Registration fee or fee on sales.*—With the exception of a few areas like Mysore and Madras, this is a fairly common charge. After the bargain has been struck, registration of the sale with the authorities on payment of a fee has to be done. Generall, the names of the buyer and the seller, their addresses and the sale value and description of the animal are entered in the registration chit. Besides bringing revenue to the organisers, the registration of sales is helpful in tracing stolen or lost animals. The method of charging registration fee varies in different fairs. In some fairs, it is charged on the sale-price, while in others it is charged per head of cattle. In the latter case, a distinction is sometimes made between cows, bullocks and buffaloes, higher fees being usually levied in the case of buffaloes than in the case of bullocks and cows. In certain fairs, *e.g.*, Pushkar, however, bullocks and she-buffaloes are grouped together and are charged more than cows. The system of charging on the sale value appears to be common in the Punjab and the Central Provinces, while

that of charging per head is in vogue in Bengal, Bihar and the United Provinces. In the former case, the rate varies from Rs. 1-9-0 per Rs. 100 in Jahazgarh and Hissar to Rs. 3-2-0 per Rs. 100 in Moga, Lyallpur and Gulushah in the Punjab. In the latter case also, there is an appreciable variation in the charges. For instance, in Mhaswad (Bombay) the registration fee on sales is levied at the rate of 2 annas per head, at Pandharpur (Bombay) at 4 annas per head, at Bateswar and Etawah (United Provinces) and Bhusanda (Bihar) at 8 annas per head, at Gopinathpur (Bengal), Hardi (Bihar), Mandhata (Central Provinces) and in the Hyderabad State at one rupee per head, while at Sonepur (Bihar) the fee goes as high as Rs. 1-2-0 per head. Taking into account the fairs where distinction is made between cows, bullocks and buffaloes for purposes of charging registration fee, the highest charge is levied at Daroani (Bengal) the amount charged being Rs. 2 per cow or bullock and Rs. 2-4-0 per buffalo. It will thus be seen that the registration fee varies enormously, the range of variation in the case of fairs given in Appendix IV being from 2 annas per head in the Mhaswad fair to Rs. 2-4-0 per head in Daroani (Bengal). It will further be seen that the difference between the registration fee charged on cows and she-buffaloes is 1 anna in Haripur, 4 annas in Daroani and Aloakhoa (Bengal), 6 annas in Khagra (Bihar) and Rs. 1-8-0 in Pushkar (Ajmer-Merwara). Enquiries show that in addition to the customary registration fees, some unauthorised charges are also made from illiterate parties by the clerks issuing the registration chits.

(*c*) *Brokerage.*—Brokerage represents the remuneration of the broker for services rendered by him in bringing about a transaction. In some cases, it is charged from the seller, in some cases from buyers while in others from both. In some fairs, brokers are licensed and the brokerage is fixed by the fair authorities while in others, it is a matter of mutual agreement between the broker and the parties concerned. In certain fairs, brokerage is charged on the sale-value of an animal while in others it is levied per head. Even in the latter case, brokerage may vary according to the price of the animal. The rate of brokerage varies in different fairs. For instance, in Etawah (United Provinces), it is charged at the rate of 8 annas per cent on the sale price, while in Bateswar in the same province, it varies from Rs. 1-8-0 to Rs. 3 per cent on the sale price. Similarly, a great deal of variation exists in the rates charged per head. In Bengal and Bihar, the rate of brokerage varies from 8 annas to one rupee per head depending upon the price of the animal. In Sholapur (Bombay) it varies from 4 annas to Rs. 5 per head while in Garhakota and Singaji (Central Provinces) the range of variation lies between 2 annas and Rs. 10 per head. In Madras, brokerage is charged at 4 annas per animal in the Kizhur fair while in Kalugumalai, Tiruppur and Tiruvannamalai, it stands at one rupee per head. In Hissar (Punjab), brokerage may go as high as Rs. 5 per animal. It is desirable that brokerage may be fixed by fair authorities and in order to effectively enforce the scheduled rates brokers may be licensed.

(*d*) *Miscellaneous.*—These include such charges as discount on money exchange and *Rahdari* charges as in the Punjab and ground rent and watching charges as in Bombay. The discount on account of money exchange usually varies from 3 to 6 pies for getting change for a rupee to 4 annas for getting change for a hundred rupee currency note. This arrangement is, however, found only in a few fairs. *Rahdari* is a chit issued by the fair authorities showing the *bona fides* of the person taking out the animals from the fair. In Moga (Punjab), *Rahdari* is charged at the rate of 3 annas per head. This charge is, however, not made in all the fairs, the sale registration chit being considered a sufficient guarantee for the *bona fide* possession of the animals in charge of the holder of the chit.

It has already been pointed out that there is great diversity not only in the method of levying marketing charges in the various livestock fairs

but also in their incidence. For instance, the total marketing charges (*vide* Appendix IV) incurred on a cow worth Rs. 50 vary from 8 annas in Kizhur (Madras) to about Rs. 2-8-0 in Daroani (Bengal). These charges do not include such incidental charges as the cost of transporting the animals to the cattle fair, ferrying charges wherever necessary, terminal taxes and the costs of feeding the animals and their attendants during the journeys and for the duration of the fair. It is desirable that wherever the marketing charges are excessive, they should be reduced to reasonable levels by the organising and controlling authorities with the approval of the appropriate departments of the local Government and a scale of recognised charges should be posted up in conspicuous places in each fair.

(9) EXTENT TO WHICH INCOME IS EMPLOYED FOR THE MAINTENANCE OF TRADING FACILITIES IN THE LIVESTOCK FAIRS.

As has been stated before, the main sources of income in the various livestock fairs are the registration fees (capitation tax on sales) and/or the admission fees charged on animals. Besides this, income is derived by levying rents on shop sites and in certain fairs by licensing brokers and charging pilgrim tax.

Out of this income, the fair authorities arrange for the layout of the site, provide for light and water, employ registration staff and incur miscellaneous expenses, such as advertisement charges and furniture hire. Money has also to be spent on sanitation and in some cases on the purchase of medicines for animals. Sometimes the authorities have to pay for the maintenance of law and order and make provisions for the livestock shows and games and for prizes for cattle and sports.

Enquiries show that fair authorities generally do not spend adequate money for the provision of the various facilities required in the fairs and it is reported that the sanitary condition of the fairs is far from satisfactory. Conditions are particularly bad in the case of fairs of longer duration. On occasions sanitary conditions become so bad that epidemics break out either during the duration of the fair or follow closely in its wake. In certain fairs watering arrangements are far from satisfactory. For instance in the Pushkar fair, arrangements for watering animals within the fair ground are not adequate and the owners have to take their animals to a distance of about half a mile for watering purposes. It is highly desirable that suitable arrangements for adequate water supply should be made in every fair. In the majority of fairs, very little money is spent on the proper layout of the fair ground. Usually the site is not demarcated except in a few places, such as Lyallpur, Hissar, Jahazgarh, Okara and Amritsar, where the boundaries of the livestock fairs are demarcated either by wire fences or by walls. In the absence of such fences, proper control on the entrance and exit of animals into and out of the fair ground is not possible. Animals suffering from contagious diseases are brought to the fair site and serve as a source of infection to other animals. Veterinary inspection of animals prior to their entry into the fair premises seems desirable. There is also the likelihood of cattle lifting in the absence of such enclosures. As a rule, separate wards are not provided in the fair sites for different kinds of animals. In the absence of such arrangements, buyers of a particular type of animal have to make a round of the whole of the fair site before making up their minds. This involves considerable waste of time. From the point of view of sellers, the absence of such arrangements stands in the way of quick disposal of animals as the buyers usually take a long time to make their choice.

Invariably, there is lack of shade trees and sufficient shelter for men and animals in the fair site and in inclement weather they suffer a good deal.

It is reported that in some cases a very small portion of the income realised is actually spent on the fair. Figures of income and expenditure in respect of some important livestock fairs are given below:

Annual income and expenditure in respect of some important livestock fairs.

(Average of three-year period ending 1941.)

Livestock fair.	Income.	Expenditure.	Percentage of expenditure to income.
	Rs.	Rs.	
Punjab—			
A	51,878	25,569	49·3
B	18,068	2,867	15·9
C	34,213	4,367	12·8
D	13,844	1,075	7·8
Bihar—			
E	1,567	737	47·0

It will be seen from the figures given above that the percentage of expenditure to income was less than 8 per cent in the case of fair D and about 13 per cent and 16 per cent in the case of fairs C and B respectively.

These figures indicate that the percentage of expenditure to income in some of the livestock fairs is generally not adequate. It is desirable that larger portion of the income should be spent for providing and maintaining trading facilities and on the proper management of the fair.

B.—Description of important and typical livestock fairs.

(1) Amritsar livestock fair.

This is one of the most important livestock fairs in India and a large number and types of livestock are assembled from all over the country. A general view of the fair may be seen in the upper plate facing page 7. A livestock show is also held and prizes are awarded to the best animals.

Location.—The fair site is situated on the Grand Trunk Road about a mile from Amritsar city and covers an area of about 55 acres.

Frequency and duration.—The fair is bi-annual, taking place once in November, at the time of *Dewali* festival and once again in April, at the occasion of *Baisakhi* festival, lasting for 10 days each time.

Attendance.—It is one of the most popular fairs in the Punjab and the attendance is estimated to be well over 50,000 persons at each occasion.

Communication.—As has been stated before, the fair site is situated on the Grand Trunk Road and is only a mile from the city. A road is also provided inside the fair ground from the main gate to the office buildings. The railway station is only about 1½ miles from the fair site. A temporary post office is also opened for the duration of the fair within its premises. Telephone and telegraphic facilities are also within easy reach.

Number of various kinds of livestock in the fair.—The fair draws livestock from all over the province as well as from outside the province. The main breeds of cattle handled in the fair are *Dhanni, Sahiwal, Hissar, Hariana, Bhagnari, Malwa* and *Dajjal.* Apart from these, non-descript animals are also brought. Amongst buffaloes, *Nili* or *Ravi* and *Murrah* breeds are mainly represented. A fairly large number of camels is also brought. Worn out and aged cattle are also assembled in appreciable numbers. These are mostly bought by "Rashas" and sent to slaughter-houses. Simultaneously with the cattle fair, a horse fair is also held under the same management near the railway station.

There is no record to show the exact number of animals passing through the fair or the proportion of the various kinds of livestock assembled in the fair but it is estimated that on each of the two occasions, *Dewali*

as well as *Baisakhi*, the number may be about one lakh. The only source of information which can throw some light on the different kinds of animals collected in the fair is the sale receipts submitted to the municipality by the *parchi* writers. Figures in respect of the sales of various kinds of livestock in the cattle fair (apart from the horse fair) for the three-year period from 1933 to 1935 (supplied by the Municipal Committee, Amritsar) are given below:

Number of different kinds of animals sold in the cattle fair, Amritsar.

Year.		Bulls.	Bullocks.	Cows.	Buffaloes.	Camels.
1933	Baisakhi	4,256	3,194	5,696	8,562	1,340
	Dewali	4,372	5,509	5,660	7,829	1,750
1934	Baisakhi	5,632	5,423	6,548	6,447	1,350
	Dewali	4,698	5,672	5,699	8,480	2,300
1935	Baisakhi	4,703	5,562	5,610	8,852	1,200
	Dewali	4,404	5,624	7,015	8,925	2,050
Average		4,678	5,164	6,038	8,183	1,665

It will be seen from the figures given above that buffaloes form the largest percentage, cows, bullocks, bulls and camels following in sequence.

Organisation and control.—The site of the fair is owned by the municipality of Amritsar which appoints a Mela Officer and the necessary staff for the management of the fair. Representatives of Municipal Committee, Police and Health Departments also camp within the fair premises. A *pucca* office building and a dispensary for livestock are provided on the fair grounds.

There is ample provision for water and fodder for cattle. Besides the two large ponds situated on either side of the fair ground, water is supplied by tubewell in the fair ground.

Animals of all breeds and description are mixed up and no separate wards are provided for different kinds of livestock.

Methods of business.—The transactions between buyers and sellers are conducted either by direct negotiations or through licensed brokers who are required to pay a licence fee of Rs. 2-4-0 for cattle and Rs. 3-4-0 for camel. They are provided with red identity badges. Transactions are carried out throughout the day and the prices are settled after a good deal of higgling. After the settlement of each transaction, the sale is registered with the *parchi* writers numbering about 200 in the fair. Sales are entered in the forms purchased by *parchi* writers from the Mela Officer.

Charges.—There is no admission fee. The *parchi* writer charges Re. 0-8-6 as registration fee *plus* one anna for the writing charges. The detailed description of the animal sold, names of buyers and sellers, their addresses and the price of the animal are entered in the form and the thumb impressions or signature of the parties are also affixed. Brokerage is charged at the rate of Rs. 1-9-0 per Rs. 100 for cattle and Re. 1 per cent for camels and horses. In the case of camels, an additional amount of 8 annas per head is collected by a private individual, by virtue of his family having established the camel fair in olden days.

(2) Pushkar livestock fair.

Pushkar is an ancient place of Hindu pilgrimage in Ajmer-Merwara and is situated about 8 miles from the city of Ajmer. A festival is celebrated each year in memory of the Hindu God *Brahma* usually in the month of November. The fair lasts for 7 days. In conjunction with the religious celebrations there is also held a livestock fair which affords an opportunity to the merchants and breeders to take for sale large numbers of bullocks, camels and horses (see lower plate facing page 7 for a general view of the fair). A livestock show is also held.

Attendance.—Exact figures of attendance in the fair are not available but it is estimated that about one lakh of people attend the fair either on pilgrimage or for transacting business in livestock. It is, however, difficult to estimate the number of buyers and sellers alone.

Communications.—The fair is connected by a metalled road with Ajmer city. The fair is also served by a post and telegraph office in the Pushkar town. No provision is made for telephone.

Number of various types of livestock handled in the fair.—The total number of animals assembled in the fair during the 4 years ending 1940 are given in the following table.

Number of animals assembled in the fair.

Kind of animal.	1937.	1938.	1939.	1940.	Average.
Horses	1,652	1,854	799	1,896	1,550
Bullocks	11,293	13,131	6,320	9,273	10,004
Camels	10,495	11,409	6,462	9.159	9,381
Total .	23,440	26,394	13,581	20,328	20,935

It will be observed from the figures given above, that on an average about 21,000 livestock were assembled annually during the four-year period ending 1940. Out of the total, bullocks formed the majority contributing as much as 47·8 per cent to the total number of animals assembled. Camels came next with a contribution of 44·8 per cent followed by horses with a share of 7·4 per cent. Buffaloes, donkeys and mules were brought in negligible numbers. It will also be seen that in 1939, the number of livestock assembled was the smallest. It is reported that this fall was due to severe famine in the tract.

Most of the horses, bullocks and camels assembled in the fair are of *Marwari* type from the adjoining areas; some horses come from the Punjab and the North-West Frontier Province also and some of the bullocks are brought from the United Provinces and the Punjab. Horses are mostly brought by *Thakurs, Pathans* and *Sheikhs*; bullocks by *Jats, Gujars, Mehrs, Sheikhs* and *Pathans* and camels by *Rabaris, Raos, Dholis, Jats* and *Rajputs*. All the animals brought to the fair do not exchange hands. The figures regarding the various types of animals sold in the fair for the four years ending 1940 are given in the table below:

Number of animals sold in the fair.

Kind of animal.	1937.	1938.	1939.	1940.	Average.
Horses	464	463	325	508	440
Bullocks	6,142	4,110	3,644	5,920	4,954
Camels	5,926	3,087	3,655	5,915	4,646
Total .	12,532	7,660	7,624	12,343	10,040

It will be seen from the preceding figures that the percentage of sales to the total number of animals assembled has varied from 29·0 in the year 1938 to 60·7 in 1940, the average for the four years being about 48 per cent.

Organisation and control.—The management of the fair is vested in a Fair Committee of 10 to 12 persons who are appointed each year by the Commissioner, Ajmer-Merwara. The Committee consists of officials of the District Board and Heads of other Government departments of the Province.

Arrangements at the fair and methods of business.—Before any animal could be taken to the fair ground the owner has to obtain a *Dara Chithi, i.e.*, permit to camp on the fair grounds for the duration of the fair. Several temporary out-posts are erected for this purpose. In the *Dara Chithi* are recorded the name and address of the owner and the number and kind of animals brought by him to the fair. These permits are checked on return journey. At present there is no veterinary inspection of animals before entering into the fair ground. The animals after entering into the fair ground, are tied in the open. The area of the space occupied by the fair generally covers about 1 square mile. Separate portions locally termed as *Daras* are allotted for the use of horses, camels and bullocks. One *Dara* is set aside for fodder and the other for tying all species of animals together. For the several thousands of animals and men that assemble, the watering arrangements are rather inadequate and a large number of animals have to be taken to the Pushkar lake located at a distance of about half a mile from the fair grounds. Animals taken to the wells are to be paid for at a rate varying from 1 pice to 3 annas per animal for watering, depending upon the type of the animal. The District Board provides a temporary veterinary dispensary at the fair grounds and treatment is given free. Restaurants, general stores and saddlery shops are located at the eastern edge of the fair just adjacent to the town.

Sales may take place either through brokers or directly through sellers and buyers. Camels and bullocks are usually sold direct but horses are generally sold and bought through brokers. Brokers operating in the fair are unlicensed and their number as well as charges are not fixed.

Charges.—Animals are brought to the fair by several roads but it is only when they are brought by Pisangan-Pushkar road that a toll-tax is charged at the following rates:—

Type of animal.	Toll per head. Anna
Camels and horses	1
Ponies, mules, bullocks, donkeys and buffaloes	½

Under the powers conferred by Section 40 of the Ajmer Laws Regulation of 1887, the Chief Commissioner can prescribe a tax payable on the sale of animals at the Pushkar fair and the current rates of taxes are given in the following Schedule. These were last amended on the 7th February 1930. The tax is collected by the District Board and forms a good source of revenue.

Type of animal.	Tax per head.
Mules and donkeys	As. 4.
Male buffaloes and cows	As. 8.
Bullocks and she-buffaloes	Rs. 2
Camels	Rs. 3.
(*a*) Horses valued up to Rs. 100	Rs. 3.
(*b*) Horses valued between Rs. 100 and Rs. 500	Rs. 5.
(*c*) Horses valued above Rs. 500	Rs. 10.

On payment of the fee the buyer gets the *rawanna*, which is a copy of the sale registration record giving the addresses of the seller and the buyer, the price paid and a brief description of the animal sold.

Brokerage varies from 8 annas to Rs. 10 per transaction depending upon the value of the animal sold.

CHAPTER III.—MARKETS.

As stated in Chapter I, markets in India may be grouped under the following three classes:—

(*i*) *Painths, hats* and *shandies.*

(*ii*) Wholesale markets or *Mandis.*

(*iii*) Retail markets.

Each one of these classes is discussed separately in this chapter.

A.—Painths, hats and shandies.

Painths, hats and *shandies* are different names employed in various tracts to designate periodical markets usually held once or twice a week and in a few cases even oftener. A slight distinction is, however, sometimes conveyed by these terms. For instance, in the United Provinces, a *painth* generally denotes a periodical market which deals more in agricultural produce than in livestock or livestock products, whereas in a *hat* the reverse is the case. In the Central Provinces, these markets are known as *hats* or *bazars* while in Bengal, *hat* and a *bazar* are not strictly synonymous. A *hat* which is held oftener than once or twice a week is no longer called a *hat* but is termed a *bazar.*

In this chapter such local distinctions have not been taken into consideration and all periodical markets have been referred to as *hats* in the subsequent pages.

(1) Number and distribution.

(*a*) *Number.*—The number of *hats* held in the various provinces and States in India is given in Appendix V. It will be seen from the figures given therein that in all there are over 22,000 *hats* in India. The majority of these *hats* deal in agricultural produce only (leaving aside manufactured goods), though a small proportion handles livestock or both agricultural produce and livestock. Enquiries show that *hats* dealing in livestock only are mostly found in the United Provinces, Central Provinces, Bengal, Assam and the Punjab, while those dealing both in livestock and agricultural produce are chiefly concentrated in Bombay, Madras and the Hyderabad State.

(*b*) *Distribution.*—The distribution of *hats* is illustrated in the map facing this page and the relative share of the different provinces and States is shown in the following table:

Number and distribution of hats in India.

Provinces and States.	Number of *hats.*	Percentage to the total.
Provinces—		
Bengal	5,862	26·5
United Provinces	5,376	24·3
Bihar	2,535	11·5
Central Provinces	2,307	10·5
Assam*	1,213	5·5
Bombay	961	4·4
Madras	906	4·1
Others	579	2·6
Total	19,739	89·4

* *Hats* for which information is available.

Number and distribution of hats *in India*—contd.

Provinces and States.	Number of *hats*.	Percentage to the total.
States—		
Hyderabad	1,000	4·5
Gwalior	300	1·3
Travancore	259	1·2
Mysore	225	1·0
Bhopal	200	0·9
Bastar	124	0·6
Kanker	59	0·3
Others*	174	0·8
Total	2,341	10·6
Grand total	22,080	100·0

From the foregoing table it will be observed that over one-fourth of the total number of *hats* in India are concentrated in Bengal. The United Provinces follows closely, and the two provinces together account for more than one-half of the total number of *hats* in India. Bihar, Central Provinces and Assam come next. Thus it will be seen that *hats* are mostly concentrated in a more or less compact block comprising Assam, Bengal, Bihar, the United Provinces and the Central Provinces, about 80 per cent of the total number of *hats* in India occurring in this area.

Out of the States, Hyderabad occupies the first position with as many as 1,000 *hats*. Gwalior, Travancore, Mysore and Bhopal follow with 300, 259, 225 and 200 *hats* respectively.

The distribution of *hats* in the various provinces and States is briefly discussed below.

Bengal.—*Hats* in Bengal are fairly well distributed. The largest number is, however, found in the Mymensingh district. Midnapore, Bakarganj, Dacca, Rangpur, Khulna, Faridpur, Jessore and Noakhali districts come next. The majority of *hats* in Bengal deal in agricultural produce only.

United Provinces.—In the United Provinces, the largest number of *hats* is found in the Gorakhpur district which accounts for as many as 683 *hats*. Hardoi, Cawnpore, Partabgarh, Azamgarh, Sitapur and Bareilly come next with 418, 293, 254, 246, 204 and 203 *hats* respectively. Thus, more than 40 per cent of the total number of *hats* in the province are found in these seven districts. It will also be noticed that almost all these districts are located in either the Central or Western parts of the United Provinces. As in the case of Bengal, the majority of *hats* (about 90 per cent) deal in agricultural produce only.

Bihar.—Out of the 2,535 *hats* in the province, the Muzaffarpur district accounts for the largest number, *i.e.*, 415; Champaran has 305 *hats*, Saran 2444, and Ranchi 216. Purnea, Bhagalpur and Darbhanga follow with 195, 178 and 152 *hats* respectively. Thus nearly 70 per cent of the total number of *hats* in the province are concentrated in these seven districts, six of which are located along with the Northern boundary of the province. It is roughly estimated that about 95 per cent of these *hats* deal in agricultural produce only, while the remainder deal in livestock or both in livestock and produce.

Central Provinces.—In the Central Provinces, *hats* are fairly well distributed in the various districts. Drug has, however, the largest number of *hats* and is closely followed by Raipur and Bilaspur. It is estimated that about 10 per cent of the *hats* deal in livestock and agricultural produce while the others deal in agricultural produce only.

* Nine States for which information is available.

Assam.—Of all the districts in Assam, *hats* are the most common in Sylhet which alone accounts for 628 out of 1,213, *i.e.*, more than one-half of the total number of *hats* in the province. Cachar follows with 140 *hats* and Sibsagar, Nowgong, Darrang and Kamrup with 89, 79, 76 and 72 *hats* respectively. Although the majority of *hats* deal in agricultural produce only, an appreciable proportion deals in livestock only.

Bombay.—The most important districts for *hats* are Satara, Ahmednagar and East Khandesh which have 121, 102 and 100 *hats* respectively. Belgaum with 94, Dharwar with 92 and Nasik with 84 come next. It is estimated that about one-fifth of the *hats* deal in livestock and livestock products in addition to agricultural produce, while the remainder deal in agricultural produce only.

Madras.—*Hats* appear to be more common in a compact tract comprising the districts of Malabar, Coimbatore, Salem, Trichinopoly, Madura and Ramnad, than in any other part of the province. About two-thirds of the total number of *hats* in the province are concentrated in these six districts. Coimbatore leads with 155 *hats*, followed closely by Malabar with 140. Salem occupies the third position having 110 *hats* and Trichinopoly, Madura and Ramnad follow with 71, 63 and 56 *hats* respectively. Enquiries show that over 10 per cent of the *hats* in the province handle livestock only or livestock in addition to agricultural produce; the others deal in agricultural produce only.

Others.—Other provinces account for 579 *hats*, out of which as many as 533 are found in Orissa. The Punjab comes next with 23 and Coorg and North-West Frontier Province make up the balance of 23. In Orissa, produce *hats* predominate while the opposite is the case in the Punjab and North-West Frontier Province.

States.—Out of all the States, the largest number of *hats* is found in Hyderabad, there being 862 *hats* dealing in agricultural produce and 138 *hats* dealing in both agricultural produce and livestock. *Hats* are more popular in the Bidar, Gulbarga, Aurangabad and Parbhani districts than in others, each one of them having 100 *hats* or more. The Gwalior State has about 300 *hats*. The number of *hats* held in the Travancore State is estimated at 259, most of which deal in agricultural produce only. In this State, almost all the markets are periodical though in a number of them owned by local bodies such as municipalities, there are permanent buildings constructed within an enclosure. There are 225 *hats* in the Mysore State, 200 *hats* in the Bhopal State, 124 in the Bastar State and 59 in the Kanker State. In other States, individually, the number of periodical markets is rather small.

(2) Location.

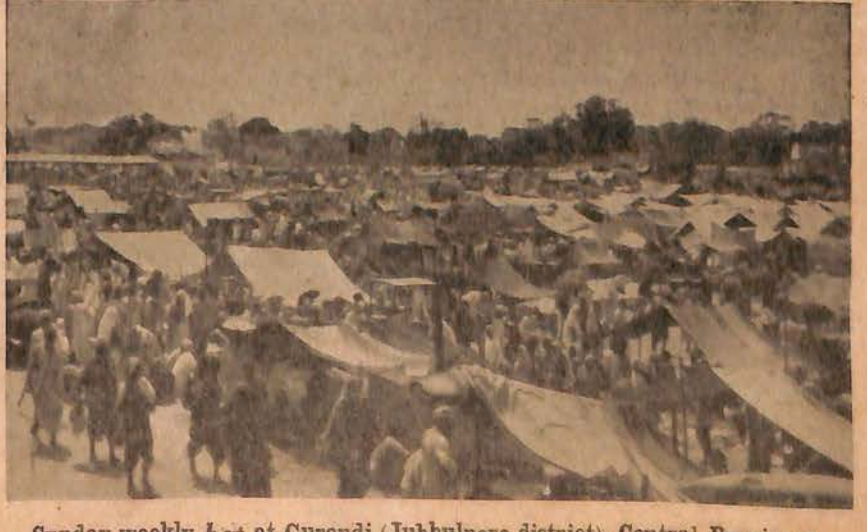
Periodical markets are usually held on pieces of open land or in groves along roadsides in close proximity to the village sites. They are also held along river-banks (see plate facing page 29), in the compounds of temples and areas specially allotted for the purpose by local municipalities. In the Central Provinces, *hats* are usually held in villages having a school and the services of the school master are utilised for the collection of fees levied in the *hats*. Shelter from sun is usually provided by improvised structures consisting of cloth or canvas supported by wooden poles (see plates facing this page). In addition to these, there may be some semi-permanent sheds with thatched, tiled or zinc sheet roofing. Articles for sale are exhibited either loose or in containers, usually on the ground (sometimes on beaten earth flooring), though in isolated instances *pucca* platforms are also found to exist (see upper plate facing page 31.

(3) Area served.

Most of the periodical markets serve an area of 5 to 10 miles' radius, though in the case of big *hats*, the area served is much wider. For instance, the Lasalgaon, Malegaon and Kankoli *hats* in Bombay serve an area of a radius of 60 to 70 miles while in the case of Pollachi *hat*

A *hat* in Bihar.

(Note the improvised sheds).



Sunday weekly *hat* at Gurandi (Jubbulpore district), Central Provinces.

Facing page 31.]

Mangalwari *bazar*, Nagpur.

(Note the *pucca* platform for exhibiting commodities for sole).

[Sale of fruits in the Mangalwari *bazar*, Nagpur.

(Madras), the area served extends to 70 to 100 miles in certain directions. In Assam and Bengal, however, area served by a *hat* is comparatively small and lies within a radius of about 2 to 3 miles. In these two provinces, the area extends to about 5 miles in the case of bigger *hats* only.

(4) FREQUENCY.

As a rule, *hats* are held weekly or bi-weekly, though in certain cases tri-weekly *hats* are also found. In certain tracts like Bombay, Madras, Hyderabad and Mysore, weekly *hats* predominate while in others like Assam, Bihar, Orissa, the United Provinces and the Travancore State bi-weekly *hats* are more common. In a few important centres where the weekly or bi-weekly *hats* were considered insufficient to meet the local requirements of trade, daily *hats* have sprung up and in Bengal they are known as *bazars*. The number of daily *hats*, however, is negligible.

(5) MARKET DAYS.

Periodical markets may be held on all days of a week. Care is taken that the market days of different *hats* held in a particular locality do not clash with one another so that sellers and buyers may be able to make a round of all the *hats*. In Assam valley in Assam, however, *hats* owned by Local Boards are usually held on Sundays.

A particular *hat* is invariably held on the fixed days. For instance, if a particular weekly *hat* is held on Monday, it will always be held on Monday. There are a few cases, however, where *hat* days change in a cyclic order. For instance, the Cherrapunjee *hat* (Assam), which is a weekly *hat*, is held on different days in different weeks. It is held on Monday during one week, on Tuesday during the next week and so on. This custom seems to be in vogue in Khasi and Jaintia Hills in Assam.

(6) ATTENDANCE.

Attendance in different *hats* varies from a hundred persons to several thousands depending upon the importance of the *hat*. For instance, in the Nagina tri-weekly *hat* (United Provinces), attendance on any particular day hardly exceeds 100, whereas in Jalgaon, Dhulia, Malegaon and Amalner (Bombay), attendance may be as high as 10,000. Attendance in a *hat* varies with the season and the prevalence of epidemics in the locality. In the rainy season, attendance is invariably poor. Attendance goes down during harvesting and sowing seasons also, as the cultivators get busy with agricultural operations. As a rule attendance in periodical markets is said to be maximum during winter, medium during summer and minimum during the rainy season. The outbreak of epidemics in a locality adversely affects attendance, particularly when it occurs in the village where a *hat* is held. In cases of severe epidemics the *hats* affected may, even have to be closed.

(7) COMMUNICATIONS.

Periodical markets are mostly situated in the interior of the country and as such a large majority of these are not served by *pucca* roads. A number of *hats* lie within easy reach of the railway but the number of *hats* held at rail heads is not large. Water communication is also important in certain parts of India, *e.g.*, in East Bengal and parts of Cochin and Travancore.

Postal facilities are available in the case of hats held in big villages while in the case of *hats* held in towns telegraphic facilities are also available. It is only in big towns and cities that telephonic facilities are available.

It seems that the primary necessity with regard to communications in the case of important *hats* is the provision of good roads.

(8) AMOUNT AND TYPE OF PRODUCE PASSING THROUGH HATS.

The amount of produce passing through a *hat* varies considerably. There are *hats* where the amount of produce handled does not exceed

1,000 maunds or so, while in the case of big *hats* like Amraoti (Central Provinces) as much as 400,000 maunds of produce may be handled. In Assam and Bengal, however, the sale of agricultural produce in all *hats* takes place on a comparatively smaller scale.

As is natural, the amount of various types of agricultural produce handled in *hats* varies with the season. As a rule, larger quantities are handled during the mid-season than in the early or the late season. Besides this, the amount of produce handled on rainy days is generally much less than that on dry days.

The agricultural produce handled in *hats* is of diverse nature (see lower plate facing page 31 and plates facing this page). In addition to food grains and oilseeds, pulses, *gur* (unrefined sugar), tobacco, vegetables, fruits, etc., are also sold. Besides these, livestock and livestock products like ghee, butter, eggs, poultry, fish, hides and skins are handled in some of the periodical markets (see plates facing pages 33 and 34). Apart from agricultural produce, other articles needed by producers and village folk for their domestic requirements, *e.g.*, cloth, salt, spices, oils, earthen pots, metallic vessels, mats, baskets, bangles, trinkets, oilcakes, coir, gunny bags, etc., are also retailed. The type of agricultural produce sold in a *hat* depends mostly upon the commodities produced in the surrounding tracts. For instance, paddy, rice and fish are more common in *hats* in Bengal, whereas *bajri*, wheat, *jowar*, cotton, groundnut are conspicuous in periodical markets held in Bombay. Even in the same province, some *hats* are more known for particular types of produce than others. For instances, in Madras, the Tirupathur *hat* in Ramnad and Palakol *hat* in the West-Godavari district are important assembling centres for tobacco. Similarly, in the Tuni *hat*, large quantities of cotton are assembled. Gokavaram in the East-Godavari district is an important centre for tamarind; the Pallepet *hat* in the Chittoor district is famous for condiments; and the Shevapet *hat* in Salem and the Vanniakulam *hat* in the Malabar district are important assembling centres for hides and skins.

(9) Organisation and control

From the point of view of organisation and control, *hats* in India may be grouped into two main classes, namely, (1) private *hats* and (2) public *hats*. Private *hats* are organised and controlled by zamindars, Courts of Wards and temple authorities owning the site of the *hats*. Public *hats* are held under the supervision of district officers, district boards, municipalities, village *panchayats*, village headmen and sanitation authorities. The owners of *hats* maintain law and order in the *hat* grounds though in the case of important *hats* the help of the police is also sought. The management of certain *hats* is vested in sub-committees appointed for the purpose.

In Assam, Bengal, Bihar, Madras and the United Provinces, the majority of *hats* are under private control. In Bombay the organisation and control of most of the *hats* are vested in the village officers who are assisted by leading villagers.

In the Central Provinces, about half of the *hats* are privately owned, the other half being controlled by such public bodies as Local Boards, sanitation committees and village *panchayats*.

In the Hyderabad State, the land in small villages where *hats* are located belongs to the State and revenue authorities control these markets. In urban areas, however, the land belongs to the local bodies who are responsible for the control of markets held on their lands.

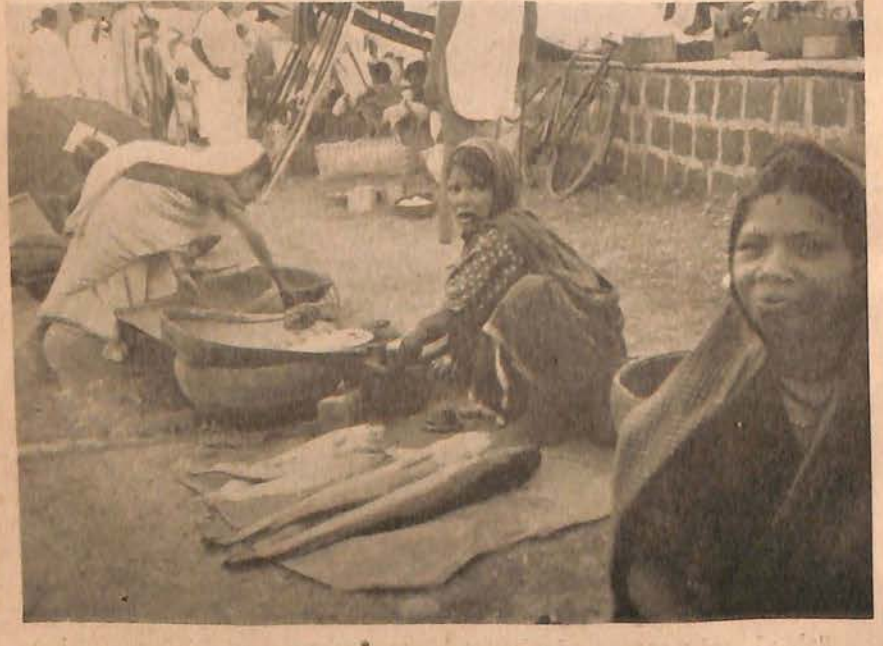
In the Travancore State, about 50 per cent of the *hats* are owned by the State, about 40 per cent by private individuals and the rest by local bodies.

Grain section in the weekly market at Theni (Madura district) in Madras.

Sale of tender coconuts in the weekly market at Theni (Madura district) in Madras.

Facing page 33.]

Livestock section in a *hat* in Bihar.



Fish and poultry section in the Mangalwari *bazar*, Nagpur.

(10) Market practices.

(*a*) *Hours of business.*—The hours of business in *hats* vary in different tracts. For instance, in Assam, the hours of business in the case of *hats* organised and controlled by Local Boards in Assam valley are usually from 8 A.M. to 2 P.M. whereas in hats in other parts of the province the usual hours are from noon to sunset. In Bihar, buying and selling in some *hats* takes place in the forenoon whereas in others trading goes on throughout the day. In Madras, the hours of business in the major *hats* are from early morning till late in the evening while in the case of smaller ones, business activity is at its maximum in the afternoon. In Bengal, Bombay, the Central Provinces and the United Provinces, attendance in hats is at its peak usually in the afternoon. The customary hours of business are from 2 P.M. to 5 P.M., but some trading goes on even after sunset. Businessmen, stallholders and other merchants come in the forenoon while producers and other villagers usually reach in the afternoon.

(*b*) *Methods of business.*—Business in *hats* is mostly transacted between sellers and buyers direct, *i.e.*, without employing any intermediaries. In livestock sections of some of the major *hats* like Pollachi (Madras), however, the services of brokers are utilised. Transactions are mostly done on cash basis though in certain backward tracts like Chhota Nagpur (Bihar), the barter system also prevails. It was noticed at one of the *hats* held in Chhota Nagpur tract, that mustard was being exchanged for rice volume for volume, although the price of mustard in the nearest wholesale market (about 30 miles) was about 50 per cent higher than that of rice. Prices are usually quoted in local units, *i.e.*, weights and measures, which generally are not standardised. For instance, in the Patna district (Bihar), a seer is equivalent to 48 tolas in the *hats* held in Thana Paliganj, 50 tolas in Thana Ekangarsarai and 80 tolas in Thana Poonpoon. The measures also vary not only from one locality to another but also in the same locality at different periods. For instance, in a *hat* in Bihar, the existence of different kinds of *'pailas* (local measure) was noticed. This was accounted for by the fact that the aboriginal inhabitants of the tract do not understand calculations of any kind and, therefore, the practice has sprung up to make transactions on the basis of "anna-paila" *i.e.*, one anna for one *paila* of produce. This is done by changing the capacity of *paila* with variations in rates. In order to maintain the price of a *paila* of produce at one anna, its size is reduced with a rise in the price of the commodity and *vice versa.*

Variations in weights and measures naturally encourage malpractices in the weighment or measurement of goods. Sometimes scales are also manipulated to the disadvantage of producers. For instance, in the Ranchi district, some unscrupulous buyers of stick lac are reported to take one or two *chhatanks* per seer more by deceitful methods in weighing. It is desirable that weights and measures used in different parts of India should be standardised and periodically checked. The periodical testing of scales is also as necessary as the inspection of weights and measures.

(11) Market charges.

The charges levied in *hats* and also the method of levying them vary considerably in the various provinces and States.

In Assam, there are three types of charges levied in *hats*: (1) charges for space occupied, (2) charges on the sale of produce and (3) charges for the sweeper employed in the *hat*. In private *hats* these charges may be paid in kind but in public *hats* they are always paid in cash. The charges for space vary with the area occupied while those on the sale of a commodity depend on the quantity brought for sale. The rates of charges for public markets are fixed by the municipalities and the Local Boards concerned and are notified for public information. The public *hats* are

leased out subject to certain conditions including those prescribing rates of tolls. A specimen copy of a lease form is given in Appendix VI. It is reported that in private *hats* charges are sometimes levied at exorbitant rates. For instance, in the Silchar Municipal Market, toll on rice is charged at 6 pies per *bhar* of 20 to 30 seers, while in the Karimganj Bazar, which is privately owned, the rate of toll is 2 annas per *bhar*, *i.e.*, four times of that in the Silchar municipal market. Similarly, in Hailakandi market (public owned), the rate of toll per *bhar* of vegetables and fruits is 3 pies while in the Bhairab Bazar (privately owned), the toll on fruits is charged at 2 annas per *bhar*.

In Bengal, *hat* authorities ordinarily charge 6 pies to 1 anna from vendors of fish, vegetables, parched rice, betel leaves and nuts. Sellers of rice, paddy and pulses pay about Re. 0-1-6 to 2 annas per *hat* day. Some people prefer to have particular sites and pay higher rates for the same. For instance, a stall for which a daily charge would amount to 2 annas per *hat* day would be rented at 12 annas to Re. 1 per month, if wanted by a particular seller. No other charge is made in a *hat* except stall rent.

In Bihar, toll is usually charged either per stall or per unit of quantity of produce brought for sale. In the former case the toll does not ordinarily vary with the periodical variations in the amount of produce handled. In the latter case, the rate is charged per headload, per *bahangi** load (see lower plate facing page 39), per bag, per animal load or per cartload. In certain cases, however, rate of toll is charged per rupee on the value of the produce handled. However, the more common basis of levying tolls appears to be per stall, the rate usually varying from 3 pies to 1 anna though in some cases it is even higher. In the case of livestock also registration fee or fee on sales varies widely. For instance, in the Patna district, the rate varies from Re. 0-1-6 to 9 annas per head of livestock and in the Manbhum district, the range of variation is reported to be 1 anna to 10 annas per head. The rate sometimes varies according to the value of an animal. For instance, in the Santhal Parganas, it varies from 1 anna to 2 annas depending upon the value of the animal. When registration fee is charged irrespective of the value of an animal, the incidence becomes excessive in the case of low priced animals. For instance, it was noticed in one particular transaction in Jhalda *hat* that a seller and a buyer paid 6 annas each as registration fee for a cow valued at Rs. 7. The market costs in this particular case work out at over 10 per cent.

In the Central Provinces, the usual fees on grain in public *hats* are 2 annas per cart load, one anna per pack animal, 6 pies per *Kawari* load and 3 pies per head load. The rate of registration fee on the sale of an animal is usually fixed per rupee of the sale price, the usual rate being 3 pies per rupee. In public *hats* shops for cloth, grocery, grain and brass and other utensils pay 1 anna per shop while those dealing in other commodities and articles are charged at 6 pies per shop. Sometimes, however, stall charges for grocery, vegetables, oils and other merchandise are fixed according to quantities exposed for sale. For instance, in Nohta weekly *hat*, shops dealing in vegetables, grocery and other articles below Rs. 15 are charged at 6 pies per day while those handling larger quantities are charged at 1 anna per day. Similarly in the Dhangidhana *hat*, stall charges for vegetables, oils and other merchandise below the value of Rs. 10 are 3 pies per stall and if this value is exceeded the rate is 1 anna per stall. No octroi is charged on any commodity brought into the *hats* for sale.

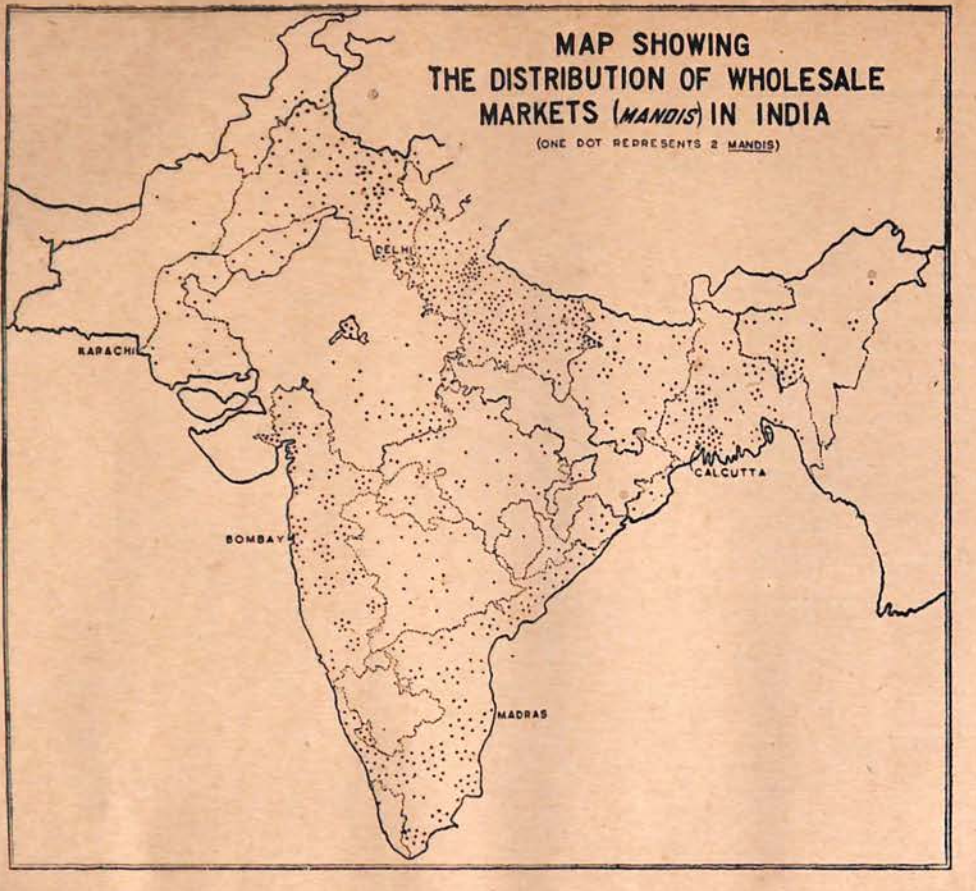
* A pole each end of which is connected by ropes to a container for carrying loads, the pole being balanced on the shoulder.

† See *bahangi* load above.

[Facing page 34.

Fish section in a *hat* in Bihar.

Hides and skins section in a Sunday market at Jubbulpore in the Central Provinces.


MAP SHOWING
THE DISTRIBUTION OF WHOLESALE
MARKETS (MANDIS) IN INDIA
(ONE DOT REPRESENTS 2 MANDIS)
DELHI
KARACHI
CALCUTTA
BOMBAY
MADRAS

In Madras, no octroi duty is levied on goods entering *hats* but a small entrance fee is levied according to a schedule rate fixed by the District Board or the *panchayat* or the municipality concerned. Besides the entrance fee, ground rent or stall rent is also charged according to the area occupied. In certain *hats* like Pollachi, only an entrance fee is levied, the ground and stalls being occupied *gratis* by hereditary right. The right of collecting fees is usually auctioned annually and the contractor is not entitled to levy more than the prescribed charges. In some *hats* the contractor is required to exhibit the schedule of rates at each entrance of the *hat*. In spite of this, however, the illiterate villagers are sometimes charged higher rates. In such cases, it is desirable that there should be some sort of check on the realisation of tolls by contractors.

In the United Provinces, market charges in *hats* may be levied per pack animal, per head load or cart load of produce brought for sale. In the case of animals, registration fee is charged. As in the case of other provinces, the charges show an appreciable degree of variation. For instance, the charge per pony load at Moradabad is 6 pies to Re. 0-1-6 whereas at Budaun it is Re. 0-2-6. Similarly, tax per cart is usually 3 pies in *hats* in the Bijnor district whereas it varies from 1 anna to 3 annas per cart in the Moradabad district. Similar variation is noticed in the case of registration fee on the sale of animals.

In the Hyderabad State, a toll of 1 anna to 3 annas per cart load is charged when the produce enters the town limits. In the case of *hats* held within municipal limits a charge of 3 pies to 1 anna per shop is also collected by the municipality concerned.

There appears to be a fair scope for putting the marketing charges on a more orderly and, as far as possible, uniform basis. They should be reduced to reasonable limits wherever they are excessive and some provision ought to be made whereby charges payable in each *hat* are drawn up by the controlling authorities of *hats* with the approval of the appropriate department of the local Government.

(12) Extent to which income is utilised for the maintenance of trading facilities.

Generally speaking, private owners of *hats* spend very little for the maintenance of trading facilities in the periodical markets. In the case of *hats* owned by local bodies a portion of the fees realised is spent on market sanitation, the construction of temporary sheds, etc., and the pay of persons employed for the collection of dues. The amount spent in this manner, however, is generally inadequate. For instance, the sanitary committee which looks after the arrangements of Kaladgi (Bijapur district, Bombay) *hat* realises about Rs. 300 per annum and spends only about Rs. 100 on the upkeep of the market site. It is desirable that organisers of periodical markets should spend a larger proportion of their income for the provision of such necessary facilities and amenities as the proper lay-out and levelling of the *hat* site planting of shady trees wherever needed, adequate provision of water for both animals and human beings, proper sanitary arrangements on *hat* days and the construction of a sufficient number of sheds and stalls.

B.—*Mandis*—Wholesale markets.

(1) Number and distribution.

(*a*) *Number.*—The total estimated number of wholesale markets in the various provinces and States in India is given in Appendix VII. It will be seen from the figures given therein that there are over 1,700 wholesale markets in India. This number actually denotes market towns and not market places, there being more than one market place (each dealing with different types of commodities, livestock and livestock products) in the important towns.

(*b*) *Distribution.*—The distribution of wholesale markets in India is illustrated in the map facing page 35 and the relative position of the various provinces and States is shown by the figures given below:—

Provinces—		*States*†—	
United Provinces	477	Hyderabad	50
Madras	237	Gwalior	45
Bombay	198	Bhopal	30
Bengal	174	Patiala	24
Punjab	157	Bahawalpur	15
Bihar	74	Baroda	11
Central Provinces	64	Pargana Masuda	4
Assam	54*	Khairpur	3
Orissa	30	Cochin	2
Sind	25	Others‡	7
North-West Frontier Province	14		
Coorg	9	Total	191
Ajmer-Merwara	7	Grand total	1,718
Delhi	4		
Baluchistan	3		
Total	1,527		

It will be observed from the figures given above that the United Provinces has the largest number of wholesale markets in India. It is followed by Madras, Bombay, Bengal and the Punjab. Bihar, the Central Provinces and Assam are the only other provinces where the number of markets exceeds fifty. Out of the States for which information is available, Hyderabad leads with 50 *mandis*. Gwalior and Bhopal follow with 45 and 30 *mandis* respectively. Patiala has 24 markets, Bahawalpur 15 and Baroda has only 11.

In the United Provinces, the largest number of *mandis* is found in the Bareilly, Rai Bareli, Gorakhpur, Ballia and Hardoi districts, each of which has more than 20 *mandis*. Budaun and Cawnpore come next with 20 and 19 *mandis* respectively. Partabgarh follows with 15 *mandis* and Nainital, Allahabad and Etah with 14 each.

In Madras, a *mandi* denotes an *arhatiya's* shop but for the purposes of this report the word *mandi* has been taken to mean a wholesale market town even in the case of Madras. Out of the 237 wholesale markets, as many as 131 are found in the Vizagapatam, Coimbatore, Malabar, Tanjore, Salem, North Arcot, Tinnevelly and Cuddappah districts, the largest number being located in the Vizagapatam district.

In Bombay, the Poona, Sholapur and Satara districts lead with 18, 14 and 13 *mandis* respectively. These are followed by the Kaira, Thana, Panchmahals and East Khandesh districts each of which has 2 *mandis*.

In Bengal, 24-Parganas leads with 27 *mandis* and Burdwan and Nadia follow with 13 *mandis* each. Thus about one-third of the total number of markets are situated in these three districts.

In the Punjab, the largest number of wholesale markets is found in the Ferozepore and Hissar districts which have 11 and 10 *mandis* respectively. Lyallpur and Jullundur possess 9 *mandis* each and Gurgaon, Lahore and Shahpur have 8 each.

In Bihar, the largest number of wholesale markets is found in the Patna and Gaya districts which possess 9 and 7 *mandis* respectively. Shahabad and Monghyr follow with 6 *mandis* each.

In the Central Provinces, a *mandi* is known as a "*ganj*". The largest number of *mandis* is found in the Hoshangabad district which has 7. It is followed by Akola and Amraoti with 6 *mandis* each, while Saugor, Buldana, Yeotmal and Nagpur come next with 5 *mandis* each.

Out of the States for which figures are available, the largest number of *mandis* is found in Hyderabad which is closely followed by Gwalior. In the former, the Parbhani district leads with 6 markets. Nanded and

* Markets for which information is available.

† Excluding those for which figures are not available.

‡ Kashmir, Khairgarh, Bastar, Kanker, Kawarda, Udaipur and Nandgaon.

Wholesale market at Barsee (Bombay).
(Note the crowd of *arhatiyas*, carts and bags in the main street.)

[Facing page 36.

Wholesale market at Belgaum (Bombay).
(Note the inconvenience to traffic caused by bags and carts.)

Gulbarga follow with 5 each and Aurangabad and Bidar have 4 each. In the latter State, the largest number of *mandis* is located in Shajapur and Mandsaur districts, each of which has 8 *mandis*. Gwalior, Guna and Ujjain come next with 5 *mandis* each.

(2) Ownership.

Markets are usually owned either by private persons or bodies or by local bodies (municipal committees, district boards, notified area committees) and the Government.

In Assam, Bengal and Bihar, the markets are mostly privately owned. In the Central Provinces, *mandis* situated in the district headquarters are owned and managed by municipalities and notified area committees. In Madras, the majority of the markets are owned and controlled by the district boards. In the Punjab, shops and attached compounds, if any, in the case of *mandis* where shops are scattered in different parts of the town, are owned or rented by *arhatiyas*. On the other hand, the centralised market places, *i.e.*, *mandis* where all shops are centred at one place, are mostly owned by municipalities or the Government. In the case of these markets, the municipalities or the Government originally acquired a piece of land and the shop and godown sites were auctioned, the buildings having been erected later by the buyers of the sites. Some area in the middle was left unauctioned and it remained the property of the municipality concerned or the Government. In the United Provinces, more than 50 per cent of the markets are owned by municipal boards, *zamindars* and private individuals own about 25 per cent of the *mandis*; the balance being under the ownership of Government, chambers of commerce, town area and notified area committees and courts of wards. In the Patiala State, shops and godowns are owned by the commission agents who have built them on the sites purchased from the State and the compound is invariably the State property. In the Hyderabad State, the ownership of all *mandis* rests with the local fund authorities.

(3) Area served.

The area served by wholesale markets largely depends upon communication and transportation facilities, the nature of commodities handled and the location of the market with respect to other markets. Broadly speaking, wholesale markets in tracts having good communications draw their supplies from within a radius of 10 to 20 miles. Where communications are not well developed produce may be assembled even from longer distances—30 or 40 miles. On the other hand, the area served by wholesale markets for distribution purposes becomes wider with the development of the means of communication and transportation. For instance, markets located in the canal colonies of the Punjab, *e.g.*, Lyallpur distribute wheat to distant places outside the provincial boundaries. The area served by a particular market also depends upon the nature of the commodity for which a particular market is famous. For instance, grapes from Chaman are distributed throughout the length and breadth of the country. Refrigeration railway vans have facilitated the distribution of such perishable commodities over long distances. In the Punjab, the area served by a market in the canal colonies and the central districts is generally limited to a radius of about 15 to 20 miles. In the western districts, on the other hand, where markets are few and far between, a market serves a much bigger area. It may, however, be pointed out that the quantity of agricultural commodities produced in this tract is comparatively small. In the Central Provinces, there exists at least one wholesale market in every district and in the main wheat and cotton producing districts, such as Hoshangabad and Akola there are 5 or 6 markets in each district. Regulated markets are reported to assemble produce from a wider area than unregulated ones. For instance, the Amraoti cotton market and the Nagpur cotton market in the Central Provinces receive cotton from a radius of 40 to 50 miles. The area served by the port markets is generally very extensive. Wheat is railed from canal colonies in the

Punjab to Calcutta a distance of more than 1,000 miles and arrivals in Bombay are usually drawn from Hyderabad, Central India, the Central Provinces, southern districts of the United Provinces and the Rajputana States.

(4) Lay-out of markets.

From the point of lay-out, markets in India may be broadly grouped into the following two main classes:

(1) Decentralised markets.

(2) Centralised markets.

In the case of decentralised markets, shops and godowns of *arhatiyas* lie scattered in different parts of the town and each of them serves as a market place. A typical instance of this kind of market is found in Multan in the Punjab, where *arhatiyas* dealing in cereals, oilseeds, etc., carry on their business as individual units located in different parts of the city. Similarly in some of the important potato markets in the United Provinces, *e.g.*, Farrukhabad, Kaimganj, Karimganj, Haldwani, warehouses of commission agents each of which serves as a market place, are sometimes situated wide apart from one another.

In the case of centralised markets, *arhatiyas'* shops are congregated in a particular locality. The shops may be located either on both sides of a road or may be built round the sides of a triangular, square or a rectangular plot. In a fairly large number of markets, shops are arranged on either side of a road. Generally speaking, the space for the heaping of produce and its proper cleaning and handling is not sufficient. Carts are usually parked in front of shops and the market place becomes congested, causing considerable inconvenience to traffic (see plates facing pages 36 and 37). Sialkot (Punjab), Belgaum and Barsee (Bombay) grain markets may be cited as typical instances.

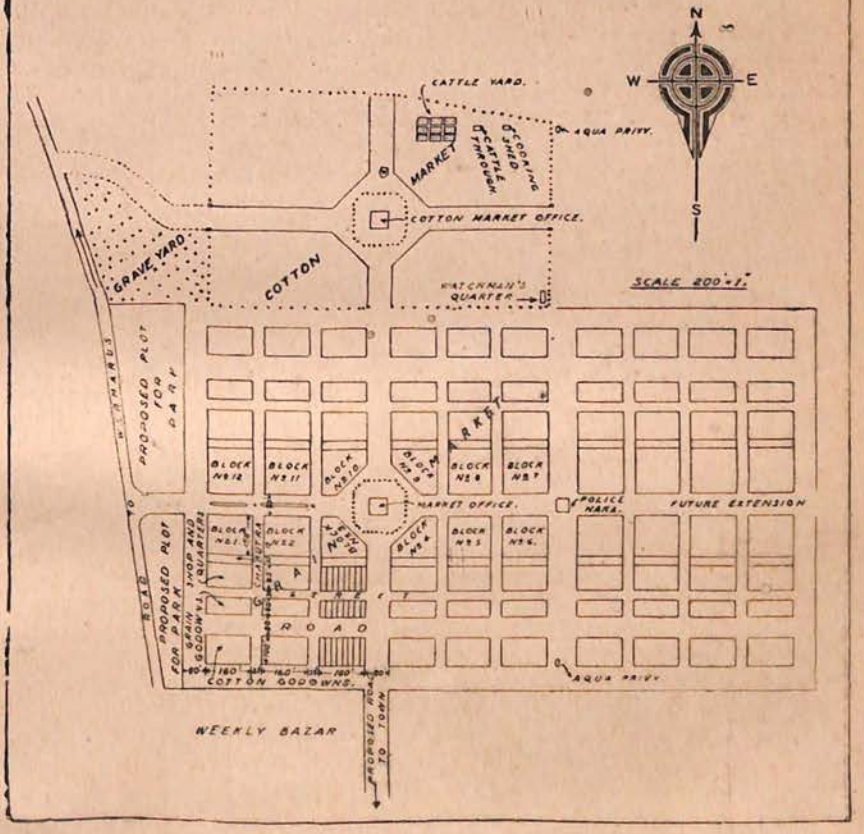
The recently established markets of the Punjab (particularly in the canal colonies) and the United Provinces are a definite improvement. Most of these markets are rectangular or square in shape, though a few like Hissar, market are triangular. The shops of the *arhatiyas* are built on the sides of the enclosure and there is a brick pavement in front of the rows of the shops for unloading, sampling, cleaning, weighing and bagging of the produce. In front of the pavement, there is generally a *pucca* road though this is by no means the rule. The central plot is generally *kachcha* and is invariably used for parking carts. In the dry season, the plot usually becomes dusty while during monsoons, rain water does not drain off rapidly and large pools are formed in the hollows. In the centre of the plot, there is usually a well for watering animals and there may also be a few trees for shade. In some markets like Jullundur, there are a few shops built in the centre of the market place.

'Arhatiyas' shops are generally two storeyed (see upper plate facing page 40) and on the ground floor there is a *verandah*. Behind the verandah, there are one or two rooms. The front room usually serves as an office, while the back room is used as a godown. The upper storey is generally used for residential purposes.

In more recent years, attempts have been made by some local bodies to build better laid-out markets, designed to provide more trading facilities. Raichur and Gulbarga markets in the Hyderabad State may be cited as instances. A brief description of the Raichur market is given below:

The name of the market at Raichur is Mukkarum Gunj. It has two main sections—one for cotton and other for grain (see diagram facing this page). The former is located just close to the latter. The grain market is rectangular in shape. At present, it consists of 12 blocks, though ample provision has been made for future extension. The market place is divided into four quarters by two main roads 80 feet wide cutting each other at right angles in the middle of the market-yard. At the crossing of these roads, an office of the market committee has been built in a spacious plot. Each quarter of the market has 3 blocks of shops and

PLAN SHOWING THE LAY-OUT OF MUKKARUM GUNJ AT RAICHUR.



Facing page 39.]

A pony cart stuck up due to bad road.

A *bahangi* load.

godowns. There are eight shops, 95 × 20 feet in each block. In front of the series of shops, there is a *chabutra* (platform) 25 feet wide for the handling of produce. In continuation of the *chabutra*, there is an open space 160' × 150 feet except in the case of 4 blocks surrounding the market office. Behind the row of shops there are godowns for storing grains, there being a street 30 feet wide lying between the two. The size of each godown is 20 × 60 feet. Separate godowns have been allotted for cotton just behind the godowns for grains and a 80 feet wide road separates the two. Each cotton godown is 20 × 100 feet. Thus it will be seen that there is ample provision for storing produce. The godowns, stores and shops are all *pucca*, built in brick and lime with stone flooring. Each of the three blocks in a quarter is separated from the other by a 35 feet wide street. The roads and streets are well drained. The market-yard is fairly spacious and there is no congestion of traffic. Electric lights, water taps and troughs, cooking shed, watchmen's quarters and lavatory have also been provided within the market precincts.

The lay-out of these markets is definitely superior to most of the old established markets in as much as it provides better trading facilities.

As in the case of wholesale markets for grains, the lay-out of most of the fruits and vegetable markets is unsatisfactory. In the case of some markets, the shops of commission agents are scattered in different parts of the town. Sales are usually made in front of the shop of the commission agent which may be located on a street or on the side of a crossing. Such markets are usually found in small towns like Gojra, Chak Jhumra and Gurgaon in the Punjab. In the case of centralised markets, the shops are located at one place but the shape of the market is not always regular. A feature common to almost all of them is an open yard in the centre for conducting the sale of fruits. Generally speaking, there is no protection from sun and rain during the course of auction. On rainy days sales are often slack and the market-yards become quite impassable due to the lack of proper drainage and the floors being *kachcha*. On the other hand, during the dry season, the atmosphere becomes dusty. The godowns are generally centred around the auction yard but in some towns like Lahore and Multan, the number of godowns in the market place is insufficient and fruit dealers have to rent shops outside market premises. Facilities for washing fruits and vegetables, parking carts, flush latrines, etc., are generally lacking.

There are, however, a few markets under the control of municipalities and corporations in the big towns such as Bombay, the lay-out of which is much better than in the case of common markets. For instance, the Arthur Crawford Market in Bombay, which is both a wholesale and retail market, is one of the best known fruit markets in India. It possesses a better lay-out than most other markets. It is situated on the junction of the Hornby and Carnac Roads. The total area of this market is 237 × 247 feet. It has a *pucca* flooring and is well drained. The market is divided into 12 sections, each being reserved for a particular commodity or purpose.

The market has a double storeyed building with an imposing clock tower. The ground-floor of the building is reserved for retail trade while the top storey is used as an office of the Market Superintendent and his staff. Wholesale trade is carried on mainly in the open court-yard. Separate sheds with stalls are provided for the sale of fish, mutton and beef. Sheds are also provided for the wholesale trade in fruits, eggs, fowls and birds. A washing place and a lavatory are provided within the market-yard. The market has 20 godowns each measuring 30'-5" × 19'-1". These godowns are roofed with corrugated iron sheet. The market is also equipped with cold storage facilities consisting of 4 chambers each of which is 600 × 700 feet. The Bombay, Baroda and Central India Railway parcel office is located on one side of the market.

As regards the markets for hides and skins, they do not conform to any special plan or design. They generally consist of shops scattered in different parts of the town or arranged on either side of a road. Even in the latter case the various shops may be interposed by other buildings and shops dealing in altogether different commodities such as grain, fodder, vegetables and fruits. The merchants' godowns, office and sometimes residential quarters are all combined in one premises. A godown generally consists of a fairly large rectangular piece of land walled on three sides. On the fourth side, there is a tall gate wide enough to allow double bullock-carts and even loaded lorries to pass through. The space provided by the gate also serves as a meeting place for the merchants, and auctions are usually held there. Just close to the gate are situated the office and a few living rooms. The other three sides of a godown are usually roofed to form covered sheds for storing hides and skins while the central open space is used for loading and unloading them.

The efficiency of a market lies mainly in the trading facilities and conveniences which it provides for the speedy determination of prices and in the easy and economic handling of the goods brought into it. In those markets where shops and godowns of sellers and buyers are situated inside the city or town or are far from the railway stations or docks, the costs of assembling and distribution are relatively high. In addition, sellers and buyers are put to a lot of inconvenience and there is a good deal of congestion in the bazars causing inconvenience to normal traffic. The position is still worse in the case of decentralised markets.

In this respect, markets of the Punjab canal colonies and similar markets in the western part of the United Provinces and the Central Provinces and Berar are a distinct improvement on the old type, while some of the markets designed in more recent years, *e.g.*, Raichur and Gulbarga (Hyderabad State) represent a still further improvement. It is desirable that all new markets should be laid out according to plans approved by an appropriate department of the local government with a view to providing the maximum possible trading facilities.

(5) Communications.

The various means of communication in India are discussed below:—

(*a*) *Roads.*—Roads connecting villages with markets are mostly *kachcha* (unmetalled), and their condition as a rule is far from satisfactory (see upper plate facing page 39). In some parts of India, as for instance in Sind, these unmetalled tracks lie below the level of the flanking fields and get inundated during the rains. The roads which connect one wholesale market with another or with the railway stations are almost invariably metalled.

The usual means of road transport are:

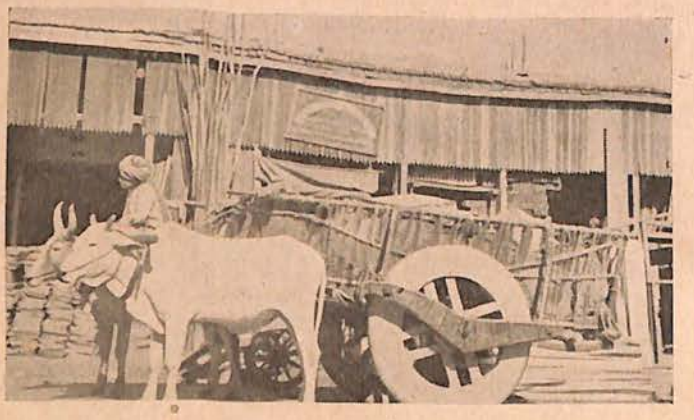
(*i*) *Head-loads.*—The method of carrying loads on head is employed mostly in the case of vegetables and fruits brought to the assembling markets from surrounding tracts. Besides this, in certain hilly areas vehicular conveyance cannot be made use of on account of absence of roads. For instance in the Khasi and Jaintia Hills of Assam, Simla Hills of the Punjab and the Kumaon Hills of the United Provinces, potatoes have to be transported by coolies. Sometimes, the load is carried across a shoulder in a *bahangi* (see lower plate facing page 39). The average cost of transport by head-loads works out roughly at about one anna per maund per mile.

(*ii*) *Pack animals.*—Pack animals are commonly employed in tracts having poor roads. The donkey is a fairly common pack animal in parts of Northern India such as the Sialkot, Gujranwala, Gurdaspur and Amritsar districts of the Punjab. Bullocks and buffaloes are also sometimes used (see lower plate facing this page) though they are not employed on a large scale. The demand for these pack animals increases during monsoons on account of the deterioration in the condition of *kachcha* roads

[Facing page 40.

An *Arhatiya*'s Shop in a *Mandi*.

A cultivator with his pack bullock used for transporting wheat to the market in the Punjab.



Two-wheeled cart in Delhi.

Four-wheeled cart in Delhi.

Camel cart in Delhi.

and a consequent cessation of vehicular traffic. Camels are found convenient in areas where the soil is light and friable. They are, therefore, very popular in Sind, Rajputana, in the western districts of the Punjab such as Jhang, Mianwali, Dera Ghazi Khan as also in the Hissar district in the eastern Punjab.

The carrying capacities of pack animals vary according to the condition of the road, the season and the strength of the animal. Donkeys normally carry 1½ to 2 maunds each, bullocks 2 to 4 maunds and camels from 7 to 10 maunds.

(*iii*) *Carts*.—By far the commonest means of transporting produce from villages to markets in India is the bullock-cart. It has a crude construction, having wooden wheels, which in some cases are shod with iron tyres. There are several types of carts. Some are two-wheeled while others are four-wheeled. Some of them are drawn by a single bullock pony or a camel (see plates facing page 41) while others may be drawn by two bullocks and sometimes even three.

The carrying capacity of a cart may be anything from 12 to 40 maunds depending upon the condition of the road, the design of the cart and the strength and number of animals yoked. In Madras, Bombay, the Central Provinces and Bihar the average capacity of a two-wheeled cart drawn by a pair of bullocks may be about 12 to 15 maunds. In the rural areas of Northern India and particularly in the Punjab, carts are larger in size and have a carrying capacity of 30 to 40 maunds. On *kachcha* roads the load may be decreased to compensate for the greater draught. Carts equipped with pneumatic tyres have also been used in recent years in some cities. Their carrying capacity is larger, but they have not yet become popular due to the heavy initial expenditure involved in fitting them with the necessary equipment. The carrying capacity of a single-bullock or pony cart varies from about 10 to 12 maunds, depending amongst other things upon the type of goods transported. For instance, the quantity of fruits carried is less than that of grain. These types of carts usually ply in urban areas.

(*iv*) *Motor trucks*.—Motor trucks have entered the field of transportation only in recent years (see upper plate facing page 42). They usually operate on metalled roads and are in some localities a serious competitor of railways. For instance, linseed oil is frequently sent by lorries from Calcutta to Burdwan. Similarly a large proportion of seedlac and shellac produced in Jhalda (Bihar) is transported to Calcutta by motor lorries. Potatoes are transported from Ludhiana to such distant markets as Delhi and Agra. The movement of potatoes from Joginder Nagar to Amritsar and Lahore by motor trucks is fairly common. The increasing popularity of motor lorries* is reported to be due to cheaper and quicker transport and the freedom from formalities attendant on booking or clearing goods at railway stations. Produce is loaded direct from the consignor's godown and unloaded at the consignee's place. Thus handling charges upto and from railway stations and incidental expenses incurred at railway stations are also saved. In certain cases transhipment which invariably causes delay and sometimes damage to such produce as fruits is also avoided. On the other hand, a few instances have been noticed where lorry drivers absconded with the load in their charge or the quality of the produce suffered on account of inclement weather.

(*v*) *Cost of conveyance*.—The cost of conveyance is largely influenced by the condition of the road, the distance involved and the season. Charges are higher on *kachcha* than on *pucca* roads. Transport charges per unit of produce increase with the increase in the distance over which it is hauled but the increase in charges is generally proportionately less than the increase in the mileage. In other words the cost of transport per maund per mile is usually less for longer hauls than for shorter ones. Again charges are usually the lowest in winter when season is cool and

* As a result of petrol rationing after the outbreak of hostilities, motor traffic is practically negligible now.

dry than in the rainy season. The rate is also affected by the possibility of obtaining a load on the return journey.

It is impossible to give an accurate estimate of the cost of transport by road for the whole of India on account of great variations in different provinces and States. It may, however, be stated in a general way that the average cost will be about 2 pies per maund per mile on metalled road and about half as much again on *kachcha* roads.

Motor lorries charge comparatively less than bullock-carts over long distances. For example, at Mirzapur (United Provinces) the rate for carrying linseed by motor lorries from a distance of 42 miles was found to be about 1 pie per maund per mile. There appears to be a possibility of decreasing the cost of transport by bullock-carts if their carrying capacities could be increased by improving their design. Tests conducted at Pusa with solid and pneumatic tyres have shown that the cost of transport is reduced to about one half when the latter equipment is used. The results achieved at Pusa and in Bombay are given below:—

Relative performances of solid and pneumatic tyred wheels.

Pusa.

	Gross earnings.	Expenditure.	Net earning per trip.
	Rs. A. P.	Rs. A. P.	Rs. A. P.
Pneumatic tyred cart	3 2 0	0 12 0	2 6 0
Farm cart (solid wheels)	1 12 9	0 12 0	1 0 9
Hired cart (solid wheels)	1 10 3	0 12 0	0 14 3

Bombay.

	Trips per day.	Load carried monthly.	Monthly maintenance cost.	Cost per ton.
		(Tons)	Rs. A. P.	Rs. A. P.
Country cart (solid wheels)	3	34	103 6 6	3 0 8
Cart (pneumatic tyred)	3	124	102 1 8	0 13 2

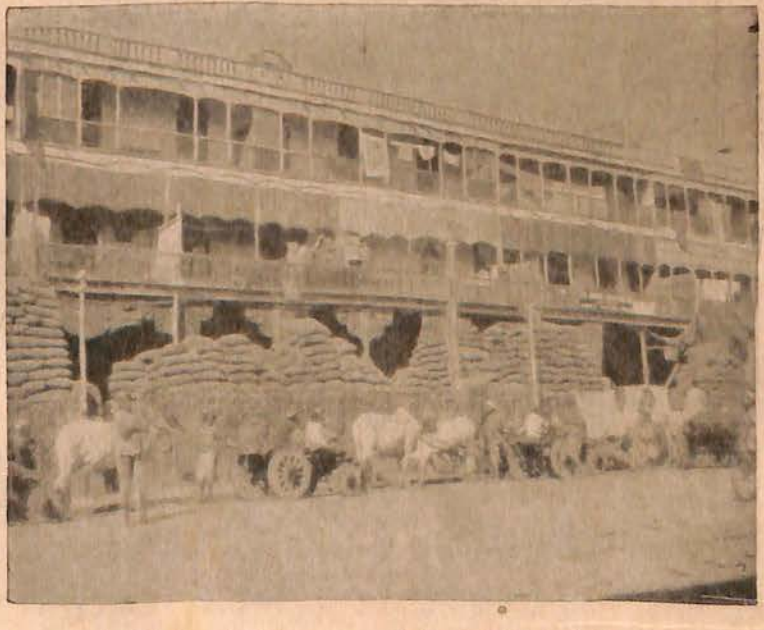
It will be seen from the figures given above that there is a considerable reduction in the cost of transport by the use of pneumatic tyres, and this is mainly due to the increase in the carrying capacity. It was also observed that the speed of the cart equipped with pneumatic tyres increased by 20 to 25 per cent. Moreover, they do less damage to the road surface. As stated before, the number of carts equipped with such tyres is almost negligible probably on account of the high initial outlay involved. It may perhaps be possible to introduce these improvements in the case of carts plying in *mandis* where the roads are metalled. The use of such equipment is likely to be encouraged if municipalities give some concession in the wheel-tax charged on such carts.

(*b*) *Rail.*—In spite of the fact that motor trucks have appeared on the scene in recent years, the bulk of the goods is still transported over long distance by rail. The rates of freight charged by railways in India fall into three main divisions; (*i*) Class rates, (*ii*) Schedule rates and (*iii*) Station to station rates.

(*i*) *Class rates.*—For rating purposes Indian Railways have classified all goods into 16 groups. Maximum and minimum rates have been fixed for each class and the maximum rate of the class is known as the Class Rate. All kinds of rates must fall between the minimum and the maximum of the class. The range of variation between the minimum rate for the lowest class and the maximum for the highest class lies between ·100 and 1·87 pies per maund per mile.

(*ii*) *Schedule rates.*—The schedule rate is a rate quoted on the basis lower than the maximum of the class. It may be on a unit basis such

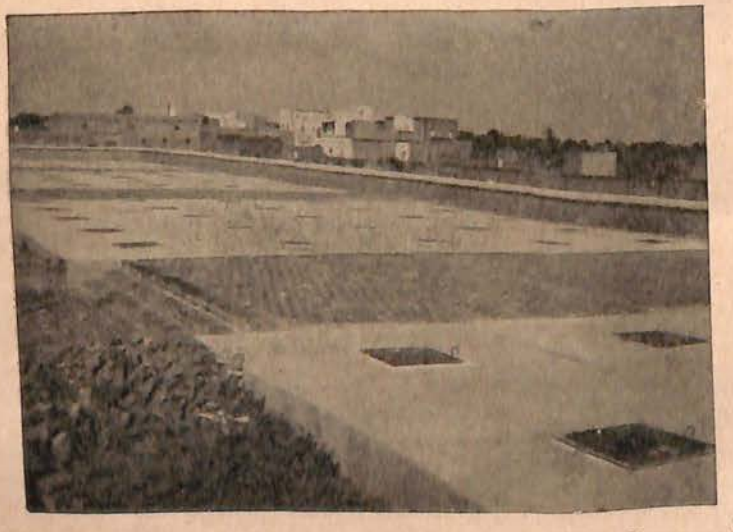
A motor lorry loaded with packages of oranges.



Rags stacked in front of the *verandahs* in Delhi wholesale market.

Facing page 43.]

Mouth of a bricklined pit at Chandausi.



Reinforced concrete *khattis* of Modern design (Muzaffarnagar).

as 250 pie per maund per mile or it may vary according to distance on the telescopic (cumulative) principle. A schedule rate may be quoted either per maund, per ton or per wagon. A typical instance of telescopic schedule rate varying according to distance is given below:—

	Pies per maund per mile.
For the first and upto 233 miles	·333
For extra distance above 233 miles and not exceeding 250 miles, to be added to the charge for 233 miles	·250
For extra distance above 250 miles but not exceeding 400 miles, to be added to the charge for 250 miles	·125
For extra distances above 400 miles, to be added to the charge for 400 miles	·115

(iii) Station to station rates.—A station to station rate is a special rate for the total distance between two specific points. They are usually granted in order to meet competition from other transporting agencies, *e.g.*, lorries, country craft or steamers. Besides these, sometimes special concessions are also granted by the railways to encourage traffic from one centre to another with a view to increasing the earnings of the railways. For instance, the North Western Railway reduced the freight on graded oranges from one-half to one-third parcel rates from Sargodha to Lahore. Similarly, the Eastern Bengal Railway reduced the freight rates on parcels of oranges booked from Siliguri to Calcutta from Rs. 1-4-0 to 14 annas per maund. Such local concessions are granted by the railways after considering the merits of each case.

(iv) Terms of booking.—As soon as goods arrive at a railway station they are unloaded, weighed and labelled. In small consignments all the containers are weighed but in wagon load consignments only about 10 to 20 per cent of the packages may be weighed provided the packages are all of the same size and weight and the consignor declares that the weight of each of them is the same. The weighed goods may either be loaded directly into the wagons or allowed to wait in the sheds. Covered accommodation is reported to be insufficient on a number of railway stations and in a few cases as in Arifwala and Moga in the Punjab, sheds are not provided at all. This matter deserves the attention of the railway authorities.

It is sometimes noticed that for want of proper types of wagons for the transport of certain commodities such as fruits, wastage in transit is considerable. This is due to the fact that no shelves are provided in these wagons and the fruit at the bottom gets crushed and damaged. Besides this, iron wagons get hot in summer and a portion of the consignment carried in them may become over-ripe and unfit for sale. Similarly, live-stock transported in iron wagons feel uncomfortable during the journey. It is desirable that for such traffic, wagons having wooden floors and as far as possible heat and cold proof roofs should be provided. In the case of luggage vans or fruit vans, shelves are generally provided and the fruit packages are placed on them. In these cases the losses are comparatively much less. The number of such vans, however, does not appear to be adequate as fruit is sometimes booked in ordinary goods vans.

Wastage in transit is sometimes due to the use of defective containers. For instance, in the case of eggs, it is estimated that an annual loss of about 15 lakh rupees occurs during transportation, mainly on account of defective containers and inefficient methods of packing. Wherever better types of containers have been used, breakages are known to have been reduced considerably. Similarly, there appears to be ample scope for the introduction of improved containers for fruits. The problem of designing improved containers together with the carrying out of research in the methods of packing particularly in the case of eggs, fruits, vegetables, etc., deserves careful examination.

Charges for loading and unloading at railway stations are included in the railway freight except in the case of special sidings. Goods and

delivery clerks are responsible for supervising the loading and unloading work and the watch and ward staff of railways looks after the goods awaiting shipment or delivery.

Demurrage is levied on vehicles ordered and waiting to be loaded by consignors or on loaded vehicles waiting to be unloaded by consignees after the free time allowed for loading and unloading a consignment is exceeded. Wharfage is charged on goods which remain in the station premises above a certain time limit. The rates of demurrage and wharfage and the free time allowed for both vary on different railways.

Over and above the authorised charges, certain miscellaneous expenses have to be incurred at railway stations by the trade to facilitate booking and clearing of consignments.

(c) *Inland waterways.*—Transport by water is generally cheaper than transport either by road or by rail. For instance, the rate for carrying linseed by boat from Gorakhpur to Sahebganj—a distance of over 200 miles—works out at about 2 annas per maund as compared with 6 annas 3 pies per maund by rail. The main disadvantage of water transport is that it is much slower, particularly when country boats are employed. Besides this, some commodities, *e.g.*, tobacco are liable to some damage during transit on account of the humid atmosphere and insufficient protection from sun and rain. Water may also percolate through seams in the sides of the boats and spoil some of the produce. Transport by water is fairly common in Assam, Bengal, Bihar, the United Provinces and Travancore.

(d) *Sea.*—There is a considerable amount of coastal trade in agricultural produce in the maritime Indian provinces. Transport by coastal vessels is usually slower than rail transport but is comparatively cheap. For instance, the steamer freight for linseed, between Bombay and Madras before September 1939, was Rs. 7 per ton which works out at ·03 pie per maund per mile. Similarly, the steamer freight between Bombay and Karachi used to be Re. 0-2-6 per maund for groundnut kernels which works out at ·06 pie per maund per mile. Thus it will be seen that freight rates by coastal steamers are much lower than the lowest rate permissible on Indian railways.

The foreign trade of India mostly takes place by sea and is much bigger in volume and value than the coastal trade.

(e) *Postal, telegraph and telephone facilities.*—Postal facilities are available in almost all the wholesale markets. Telegraph offices also exist in most of them but telephonic connections are provided only in some of the major markets, *e.g.*, at Lyallpur, Amritsar, Hapur, Hathras and Ahmedabad.

(6) Market Intelligence.

The chief sources of market intelligence in urban areas are Government publications, trade papers, newspapers and private arrangements. In recent years, use has been made of the radio in broadcasting market information relating to some of the important markets.

(a) *Government publications.*—The most important Government publications disseminating market intelligence are briefly discussed below:

(i) *Weekly weather and crop report.*—It supplies information about weather conditions and their effect on the sowing and growth of crops in various tracts.

(ii) *Prices.*—In each province wholesale and retail prices of important staple commodities are collected for certain selected markets by the local district authorities and passed on to provincial headquarters where they are consolidated and ultimately published in the Provincial Gazette. These quotations appear some considerable time after the period to which they relate and are, therefore, of very little use to the trade. Moreover the quality of produce to which the quotations relate is not clearly defined. For instance in the case of rice, the Punjab Gazette gives prices for 'best quality' and 'common rice' while quotations published in the United Pro-

vinces and the Central Provinces Gazettes relate to 'ordinary rice' and 'common cleaned rice'. These terms make no reference to the commercial varieties to which the rates apply. It has also been found that there is sometimes an appreciable degree of disparity between the official and trade prices. This is probably due to the fact that sufficient care is not always exercised in the collection of official data.

(*iii*) *Forecasts.*—Periodical all-India forecasts of some of the important commodities are issued each year by the Director General, Commercial Intelligence and Statistics. These forecasts are based on the provincial estimates compiled by the Directors of Land Records or Directors of Agriculture or jointly by both from the primary material gathered by the district staff. These forecasts are issued by the provincial authorities also. A list of the commodities for which all-India forecasts are issued together with the approximate dates of their issue is given in Appendix VIII. Printed copies of these forecasts are supplied *gratis* to important firms and they are also published in the Indian Trade Journal.

(*iv*) *Indian Trade Journal.*—It is published weekly by the Director General, Commercial Intelligence and Statistics and is probably the most important of the Government publications from the practical viewpoint as it reaches the public sooner than most other government publications. The various crop forecasts are published in this journal soon after they are issued. Some price data and information regarding movement of certain commodities between important points are also given. Besides these, notifications affecting commercial interests issued by the various government departments from time to time as also the foreign crop news received by the Department of Commercial Intelligence and Statistics by cable are published in this journal.

(*b*) *Trade papers.*—Quotations and short market reports in respect of important commodities are published in some of the daily and weekly trade papers issued from different centres. Some of them are issued in local vernaculars and are only of provincial importance while others like "Capital" and "Commerce" have an all-India circulation. In addition to these papers, certain institutions such as the Bengal and Bombay Chambers of Commerce publish weekly reports containing price quotations for a number of commodities, rates of sea freight, exchange rates and rates for demand drafts and telegraphic transfers, etc.

(*c*) *Newspapers.*—The important newspapers (vernacular as well as English) publish daily prices prevailing in important markets.

(*d*) *Private arrangements.*—Private arrangements are perhaps the most important source of market intelligence made use of by the traders who generally have their own correspondents and agents in different markets. They remain in touch with them ordinarily by postal letters though telegrams and telephones are also exchanged when the market is unstable. Some of the big merchants and factory owners keep themselves daily informed of the prices ruling at the important markets through telegrams and telephones. This information percolates to the small trades in the market. Recently the Agricultural Marketing Adviser to the Government of India has made arrangements for the supply of dependable market intelligence regarding prices and arrivals of milch cattle at Bombay and Calcutta. The information received from these markets is transmitted to some of the important inland despatching centres, *e.g.*, Delhi, Rohtak and Bahadurgarh.

(*e*) *Radio.*—Some of the merchants have provided themselves with receiving sets and they listen into the commercial reports broadcast from Calcutta, Bombay, Delhi, etc.

The current prices of wheat, *ata*, rice, mustard oil, ghee, sugar, jute, shellac and cotton are broadcast daily while prices of 18 items are broadcast every Monday from the All-India Radio Station, Calcutta. Besides this, a monthly review of prices is also broadcast from the same station. The prices of wheat, oilseeds, Java sugar and cotton are broadcast daily

from the All-India Radio Station, Bombay. The prices of rice, cane jaggery, groundnuts, chillies, cocoanuts, copra, pepper, cotton and tobacco are broadcast on five days every week while those of cow and buffalo hides are broadcast daily from the All-India Radio Station, Madras. Almost similar broadcasts are made once a week from the All-India Radio Station, Trichinopoly. The prices of rice, ragi, horse gram, coffee, potatoes, ghee and jaggery are being broadcast daily from the "Akashvani" Broadcasting Station at Mysore. The All-India Radio Station, Lahore broadcasts daily prices of important agricultural commodities at Amritsar and Lyallpur. From December 1940, market rates of important fruits at Lahore have also been included. The prices of about 70 commodities are broadcast from the All-India Radio Station, Lucknow, thrice a week. The prices of wheat, maize barley, rice, *gur*, tobacco, potatoes, gram, *bhoosa*, cotton, ghee, mustard oil, salt, sugar and kerosene oil are broadcast every Saturday from the All-India Radio Station, Peshawar. The prices of *gur* are, however, broadcast daily during the *gur* season. A weekly or bi-weekly broadcast of wholesale and retail prices of certain important commodities from the All-India Radio Station, Hyderabad City (Deccan) has been organised by the Price Control Committee. A short market report giving the prices and stocks of wheat at Karachi, Bombay, Calcutta, Lyallpur, Amritsar, Hapur and Cawnpore, of rice at Calcutta, Delhi, Amritsar, and Cawnpore, of linseed at Calcutta, Bombay and Cawnpore and of groundnuts at Bombay and Madras supplied by the Agricultural Marketing Adviser to the Government of India is broadcast on Monday mornings from the Delhi Radio Station. Besides this, the prices and stocks of wheat, barley, gram, peas, *arhar* and *gur* at Hapur and prices of milk and milch cattle at Bombay, Calcutta, Delhi, Rohtak and Bahadurgarh are also broadcast daily.

In general, traders keep themselves well informed about the market conditions prevailing in different parts of the country.

It may, however, be mentioned that price quotations given in the press are sometimes not readily comparable. For instance, in Karachi, wheat is quoted per candy of 656 lb., but in Bombay the unit is a cwt. while in Calcutta quotations are given per maund of which there are two types—the *bazar* maund and the Imperial or railway maund. The former is 82 2/15 lb. and the latter 82 2/7 lb. Similarly, a maund of wheat in Chandausi market (United Provinces) is of 50 seers. Prices in some of the wholesale markets are quoted in so many seers per rupee. The position becomes more confused due to the variations in terms and conditions of contract in vogue in different markets. In order to make price quotations readily comparable it is essential to standardise the system of quotation.

The Market News Service recently introduced in the Patiala State deserves mention. The market rates for Amritsar market broadcast by radio every evening along with the rates ruling in the Patiala market are entered in printed forms in vernacular by the office of the local Marketing Officer and mailed to the various market *darogas* and *tehsil* headquarters the same night. These rates reach their destinations the next morning. In the markets, they are displayed on the notice-boards and for the benefit of illiterate persons are announced when the assemblage of people is sufficiently large. Similarly, in each *tehsil* headquarters, the rates are announced just before the court sits. They are subsequently exhibited on a notice-board meant for the purpose. Thus the rates ruling in the Amritsar and Patiala markets the preceding evening reach the various markets in the State the very next morning and also some of the villages by the evening. The system has been further extended now and the rates are sent direct to *panchayats* in over 200 villages in the State. The possibilities of making some such arrangements may be explored in other provinces and States also.

(7) COMMODITIES DEALT IN AND THE AMOUNT PASSING THROUGH MARKETS.

The nature of commodities handled in markets in different tracts varies according to the local surplus production on the one hand and the demand for commodities not grown in the locality or the production of which is insufficient to meet the local requirements, on the other. For instance, in the canal colonies of the Punjab, there is a surplus production of wheat, cotton and toria. These commodities, therefore, form a large proportion of the total produce assembled. On the other hand, rice, maize and *jawar* are grown in insufficient quantities and are, therefore, imported from areas of surplus production. Similarly, lac is an important commodity handled in the markets in Chhota Nagpur tract (Bihar) while potatoes and oranges form the bulk of the produce assembled in the markets in Assam. The amount of produce handled varies enormously in the various markets, depending upon the importance of each. As a rule, records of arrivals of different kinds of produce in the markets are not maintained and as such it is difficult to give accurate information about the produce handled in different markets. The names of the chief markets for some of the agricultural commodities in the main producing areas are, however, given in Appendix IX.

Seasonal variations.—Arrivals of different commodities in the markets fluctuate according to their respective harvesting seasons. For example, the harvesting of wheat in the Punjab commences by about the end of March and is completed in May. Arrivals of the new crop start soon after it is harvested and the average small producer disposes of his produce within three or four months of harvesting. Similar seasonal variations in the arrivals are noticed in the case of most other agricultural commodities. The season of marketing in the case of a particular commodity sometimes varies considerably in different parts of India. For instance, supplies of potatoes grown in the plains in Assam are greatest in January and February, in the United Provinces they are maximum from February to April while in Bombay the supplies of winter crop are at their peak from March to May.

Generally speaking, the movement of produce from rural areas to markets appreciably slackens during the monsoons due to the bad condition of *kachcha* roads and also the possibility of the produce getting spoiled in transit.

(8) STORAGE FACILITIES.

The question of storage of agricultural produce in the markets assumes a special importance because a fairly large proportion of crops finds its way there within a short period of the harvesting seasons and awaits distribution sometimes for considerable periods. Generally speaking, most of the non-perishable agricultural commodities are stored in *Kothas* (godowns). The back room of the commission agent's shop invariably serves as a godown. If need be, residential houses in close proximity to the markets are pressed into service. Godowns with upper storeys are preferred because there is less danger of rain water leaking through the roof. Moreover, the temperature in such godowns probably remains lower than in single storeyed buildings. Suitable storage accommodation is insufficient in a large number of markets and during period of heavy demand any covered accommodation such as barracks of cotton factories, covered court-yards, stables, etc., is used for storing produce. At times even this sort of accommodation may be insufficient and the produce may have to be stored in open court-yards in front of *arhatiyas* shops (see lower plate facing page 42). In some of the newly laid out markets, *e.g.*, Raichur (Hyderabad-Deccan), however, special godowns have been built by private enterprise for the storing of produce.

In a few places in Ambala and Karnal districts in the Punjab dug-outs with a capacity of about 300 maunds are in use. These are *kachcha* and are plastered with mud and cowdung. The opening at the top measures about 2 feet in diameter and is closed with mud after filling the dug-outs

with grain. Such dug-outs were quite common in this tract but due to a rise in the underground water level in recent years they are not so popular now. Similar dug-outs are common in the important assembling markets in the surplus areas in the western districts of the United Provinces. The walls of most of these dug-outs or *khattis* are not lined with masonry. These *khattis* are generally situated in groups and sometimes there may be as many as 50 *khattis* within an enclosure. There may be one or two *khattis* beneath the pavements in front of the *arhatiyas* shops also. In a few markets, bricklined and concrete pits are in existence, the former being noticed in Chandausi and the latter in Muzaffarnagar (see plates facing page 43). The capacity of the *kachcha khatti* generally depends upon its depth which in its turn is governed by the sub-soil water level. The average capacity of *kachcha khattis* at Muzaffarnagar is about 250 maunds, while at Hapur it is about 750 munds. At Ghaziabad and Hathras the capacity of an average sized *khatti* is 600 and 550 maunds respectively.

Khattis at Muzaffarnagar call for special comments. It was formerly the practice in this market to stock large quantities of wheat in *kachcha khattis*. In 1933, the monsoon was exceptionally heavy and the wheat stored in the *khattis* was seriously damaged. At the suggestion of Mr. N. C. Mehta, the then Collector of the district, the local grain trade association requested the Concrete Association of India to design suitable underground reinforced concrete chambers. About 200 storage chambers or bins measuring 10′ × 10′ × 8′ at a cost of Rs. 300 per store were constructed. The capacity of each store is about 450 maunds of wheat.

It is claimed that cement *khattis* prevent to a large measure losses due to insects, rats and subsoil water. In the ordinary *kachcha khattis* there is sometimes considerable wastage on account of ravages of insects and rats and due to sub-soil water. In addition to loss in weight, the quality also suffers on account of the produce becoming discoloured and musty. In the case of ordinary *pucca* godowns also the loss during storage is reported to be appreciable. For instance, in the case of wheat it is estimated that, on an average, a minimum loss of about 3 per cent takes place during every season due to losses from weevils, damp and vermin attacks. The total loss during a year in the case of wheat crop alone will hardly be less than 300,000 tons, the value of which at the current* rate of Rs. 4-2-0 per maund works out at about 3·4 crores of rupees. Similarly, losses take place in the case of other commodities as well. In view of this, it is desirable that the godowns should be improved in design. Although the initial outlay in the case of concrete *khattis* is more than in the case of ordinary godowns, experiments conducted so far indicate that the total cost of storage including losses during storage is less in the case of concrete *khattis* than in the *kachcha khattis* or the ordinary godowns. This will be indicated by the costs of storage of wheat arrived at an experiment conducted at Muzaffarnagar during a normal period of storage of 8 months, given below:

(Per 250 mds.)

	Pits.		*Kothas.*	
	Concrete.	*Kachcha.*	(In bulk).	(In bags).
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1. Storing charge	18 0 0	15 0 0	10 7 6	15 14 6
2. Loss in storage	..	..	15 10 0	31 4 0
3. Discount for dampness or deterioration in quality	..	19 8 6	3 14 6	7 13 0
Total	18 0 0	34 8 6	30 0 0	54 15 6
Less for gain in weight	3 2 0	12 8 0	..	..
Total net cost	14 14 0	22 0 6	30 0 0	54 15 6
Equivalent per maund per month (pies)	1·4	2·1	2·9	5·3

*Average of prices at Lyallpur and Hapur during October 1941.

The low storage cost in the case of cement *khattis* is mostly due to the complete elimination of losses in storage due to the attacks of weevils, rats, etc. Another set of experiments conducted at Muzaffarnagar revealed that during short periods of storage (4 months) bulk storage in *kothas* was the cheapest. This is due to the fact that weevil attack does not start till July and the protection afforded by the cement *khattis* does not become necessary till then. It may also be pointed out that concrete *khattis* are not suitable for storing all types of agricultural produce. They are used mostly for storing wheat. Thus during the time when the main stocking season for wheat is over most of these *khattis* may have to lie idle. It is felt that if these *khattis* are to be employed for storing all types of agricultural commodities, whether stored in bulk or in bags, it may perhaps be desirable to construct them partly above-ground and partly under-ground. Proposals for the erection of such godowns at Okara, Montgomery and Chichawatni in the Punjab are under the consideration of the authorities concerned. An experiment with the concrete *khattis* (some of them partly under-ground and partly above-ground) is also in progress at the agricultural farm, Lyallpur (Punjab).

Warehouses.—A warehouse may be broadly defined as a godown or a shed where accommodation may be let out under certain specified regulations. They are mostly located at ports though a few of them exist in the inland markets also. The former are usually owned by Port Trusts or Government while the latter may be owned either by co-operative societies, individual merchants, banks or the State.

At Karachi, the Port Trust has provided open air plinths paved with flagstones for the storage of wheat, seeds, cotton and other commodities. This sort of open-air storage is not found in any other important port in India. This is due to the fact that rainfall at Karachi is spasmodic and very low and sometimes a whole year may pass without any rains. These plots are leased out to merchants some of whom have erected light sheds at their own cost.

At Bombay, the Port Trust has transit sheds and warehouses in the docks and has provided storage accommodation at various places on land owned by it, *e.g.*, the Ravan Grain Market, (popularly known as Dana Bunder) the Grain Depot, Mazgaon and the warehouses at Mandvi. These warehouses have cemented floor and are roofed and enclosed with corrugated iron sheets. The space is let out to exporters and other merchants. Besides these, there are two Government owned tobacco warehouses—one in Mint Street and the other in Clive Street. Most of the tobacco stored in the former is cigarette, cigar and *bidi* and is meant for consumption in Bombay or other parts of India while the bulk of the tobacco stored in the latter is unmanufactured *bidi* and *hookah* tobacco and is exported abroad. These warehouses are in charge of the Excise Department with an adequate control of the Customs Department.

At Madras, the Port Trust has provided warehouse accommodation for storage of goods in transit between ship and shore. Besides this, there are two regular bonded warehouses owned by two leading cigar manufacturing firms. In these warehouses the firms manufacture cigars under the supervision of the Customs Officials. At Coconada there is a large shed at railway station near the wharves. It is used for the storage of goods awaiting shipment. At Vizagapatam there are a number of government sheds which are let out to merchants and exporters.

At Calcutta there are a number of port and Government bonded warehouses. Most of them are leased out to private companies and firms and are under the control of the Bengal Bonded Warehouse Association, Limited. Warehouses in which articles for which duty has not been paid are kept, are under the control of the Customs Department. Generally these warehouses are roofed and closed on all sides with corrugated iron sheets. The East Indian Railway has provided storage accommodation for grains and seeds on the first floor of the goods shed at Howrah Station.

The banks which advance loans on the security of stocks have provided themselves with warehouses to keep the goods of their clients in safe custody.

Many Municipalities in the Mysore State possess bonded warehouses where articles liable to octroi duty can be stored by merchants pending the payment of the octroi duty. Similarly in Travancore State there are four tobacco bonded warehouses or bankshalls controlled by the State where storage accommodation is provided to licensed tobacco merchants and the duty on tobacco is collected when it leaves the warehouse.

In the Madras Province, some of the co-operative societies (Loan and Sale Societies) have constructed their godowns with aid received from the Government for the storing of produce of their members, (though the produce of non-members is also stored). These societies undertake to sell the produce of their members and advance loans on produce stocked in their godowns. If a member, however, does not intend to sell his produce he pays back the advance.

The South Arcot Co-operative Central Government Sale Society, Limited, opened 3 warehouses in 1933 to develop co-operative marketing of groundnuts. These warehouses are situated at Cuddalore, Vridhachalam and Tirukoilur.

Some of the maritime States of Kathiawar, *e.g.*, Bhavnagar and Nawanagar States, have constructed warehouses at their ports where the merchants' goods are stored. They advance money on goods stocked in the warehouse.

(9) Facilities for Finance.

The assembling and distribution of agricultural produce in wholesale markets are financed by the following agencies:

(*a*) *Arhatiyas.*
(*b*) *Shroffs.*
(*c*) Banks.
(*d*) Grain trade associations.
(*e*) Exporters.

(*a*) *Arhatiyas.*—There are two types of *arhatiyas*, (*i*) *Kachcha* and (*ii*) *Pucca*, though some of the firms act as both. The *kachcha arhatiya* is concerned with assembling while the *pucca arhatiya* plays an important role in the distribution of produce. The *kachcha arhatiya* sometimes advances loans to the village merchants and producers, generally on the condition that they sell their produce through him. The importance of *arhatiyas* as a financing agency is particularly marked in the vegetable and fruit markets, as fairly large sums of money are advanced by them to contractors for buying standing crops from growers and also to producers direct. The rate of interest charged by a *kachcha arhatiya* usually varies from 6 to 12 per cent though in some cases it is even higher.

In a market, the seller usually receives payment for his produce from his commission agent, soon after it is sold and weighed over, though the *arhatiya* recovers the amount from the buyer after a few days. In some markets like Rohtak (Punjab), the buyer is required to make payment on the same day, while in other markets certain time limits are allowed. For instance, at Kurukshetra, the buyer may pay after 3 days, while in the market at Ferozepur Cantonment, a period of 15 days is allowed.

The *pucca arhatiya* acts on behalf of the out-station buyer though some of the bigger firms buy produce on their own account also. He makes payment to the *kachcha arhatiya* for produce purchased on behalf of his clients from whom he recovers the money later on with interest. New clients may be required to pay earnest money usually to the extent of one-fourth of the total value of purchases. This money besides being utilised for meeting incidental charges, serves as a security against fall in prices.

Arhatiyas advance a certain proportion, usually about 75 per cent of the value of produce deposited with them. They ordinarily work with their own capital which may, however, be supplemented from time to

time by money borrowed from acquaintances, relatives or banks. Some big firms of *arhatiyas* advance loans as well as discount *hundis* or drafts and bills of exchange.

(*b*) *Shroffs*.—The *shroffs* are the indigenous bankers of India and play an important part in the financing of trade in agricultural produce. Like *arhatiyas* and banks they advance loans on occasions on the security of goods. Sometimes they are preferred to banks, because they have a personal contact with their clients, are elastic in their terms, are accessible at all odd hours and do not go into certain formalities insisted upon by the banks. They also advance loans on personal securities and discount *hundis*.

(*c*) *Banks*.—Certain commercial banks give loans on the security of produce pledged to them. The usual conditions of granting loan are that the godowns are insured against risk of fire by the owner, and the key of the lock is handed over to the bank. Money is advanced to the extent of 65 to 75 per cent. of the value of the produce which is usually fixed at 2 to 4 annas per maund below the market rate. Thus the banks amply safeguard themselves against risks—accidental, as well as those due to fluctuations in prices. The rate of interest usually varies from 5 to 8 per cent which is much higher than the bank rate. Banks sometimes form a pool to keep the rate of interest high. Withdrawals of stocks are allowed against deposit of funds provided the margin between the value of the produce in the godown and the loan advanced does not fall below 25 per cent. Similarly in the event of fall in price, the borrower is asked, if necessary, to deposit sufficient money to restore the margin of 25 per cent. On the other hand if the price of the produce rises and the bank considers the rise of somewhat permanent nature, the drawing limit of the client is increased accordingly.

Banks also finance approved merchants by allowing them cash credits the limits of which are fixed after making enquiries about their financial position, conditions of business and credit. The rate of interest for such loans is rather low as they may be called back at a short notice.

(*d*) *Grain trade associations*.—Some important grain trade associations, *e.g.*, the Indian Exchange Ltd., Amritsar (Punjab), accumulate fairly large sums of money on account of margin money* received from members. From this money, loans may be advanced to reliable parties on the security of produce pledged.

(*e*) *Exporters*.—Exporters provide themselves with funds in India by selling sterling bills of exchange or telegraphic transfers to the exchange banks functioning at the port headquarters of the firms concerned. The sale of imported commodities is another source of funds. Upcountry buying agencies are financed in two ways—by the sale locally of *hundis* or drafts drawn on port headquarters or by telegraphic transfers through exchange banks. In some cases *arhatiyas* are authorised to finance upcountry agencies; the *arhatiyas* being reimbursed by cheques or drafts. Exporters pay 70 to 80 per cent of the value of goods sold to them on presentation of railway receipts, the accounts being finally cleared after the produce has been sampled and weighed at the agency or port according as the goods are purchased at the agency pass or port pass basis. A few of the big firms of exporters advance loans on stocks of produce pledged, like banks on similar conditions.

(*f*) *Remittances*.—Money is remitted from one centre to another by money orders, postal orders and sending currency notes by insured post. Where banking facilities are available, use is made of bank drafts, cheques and telegraphic transfers. *Hundis*, however, appear to be the most common method for the adjustment of accounts.

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*Deposits against future contracts.

Hundis.—Besides serving as a means of remitting money from one centre to another, *hundis* are sometimes used for obtaining credit. There are two kinds of *hundis*—the *Darshani hundi* and the *Muddati hundi*.

Darshani hundi is payable on presentation, as its name implies, but in certain markets a few days of grace are allowed. No stamp duty is payable on *Darshani hundi*. It may be written on an ordinary paper though the *shroffs* usually use printed forms. Brokers play an important part in getting *hundis* discounted. Brokerage normally varies from 3 to 6 pies per 100 rupees payable by the buyer or by the individual or firm discounting the *hundi*. If a certain sum of money is to be sent from one market to another, a *Darshani hundi* may be obtained for it by depositing the sum with a local *shroff* and forwarding the *hundi* to the payee. On receipt of the *hundi* the payee calls on the local representative of the *shroff* and presents the *hundi* and receives payment immediately. Conversely, a *Darshani hundi* may be drawn on a debtor and presented locally to a *shroff* who may discount it immediately or defer payment till collection from the drawee has actually been made. For the services the *shroff* charges a fee varying from 6 pies to 1 anna per 100 rupees. *Darshani hundi* is a negotiable instrument and is freely bought and sold in the market. It may pass through many hands before it reaches the drawee.

Muddati hundi is one of the most important instruments of credit handled by *shroffs*. Unlike *Darshani hundi*, it is payable after a specified period usually varying from 21 to 61 days. There is, however, no legal or customary bar to the period for which a *Muddati hundi* may be drawn but in practice it does not exceed 11 months. It is written on stamped paper. Brokerage is almost the same as in the case of *Darshani hundis* but in the case of weak or doubtful parties it may amount to as much as Rs. 5 per cent. The security against loans is mainly personal. However, in order to safeguard themselves against possible risks, endorsements from persons or firms known to the discounting houses are sometimes insisted on. *Muddati hundi* is a negotiable instrument. It may be rediscounted for a number of times and each time it is rediscounted it is re-endorsed. With the increase in the number of endorsements it becomes more readily acceptable as the chances of risk are greatly minimised. On the due date, the holder of the *hundi* presents it to the firm which originally executed it. In the event of the *hundi* being dishonoured the holder can claim the amount from any of the parties who have endorsed it. Inability to honour one's *hundi* is considered to be very serious and is virtually taken to be a declaration of insolvency.

It is usually customary for a consignor to send railway receipts accompanied by a *Darshani hundi* drawn on the consignee through a bank or through another party known to the sender. The railway receipt is handed over to the consignee after he has honoured the *Darshani hundi*. Railway receipts are sent direct only when there are long-established business connections between the consignor and the consignee.

Expenses incurred in remitting funds vary depending upon the means employed and the amounts involved. Banks usually charge 6 pies to 4 annas per cent for issuing drafts payable at other centres, the minimum charge for small amounts being 4 annas. The banks discount *hundis* usually at 1 to 1½ per cent over the bank rate. The discount charges levied by the *shroffs* vary, depending upon the status of the drawer and may be anything upto 4 per cent above the bank rate. The average cost of remittance by *hundis* may be taken at about ¼ anna per cent. When there are heavy demands for making remittances to any particular markets *hundis* payable there often sell at a premium (*badha*) while they may be sold at a discount (*batta*) if there is little or no demand. The limits of premium and *batta* are ordinarily governed by the cost of making remittances by bank drafts in places where banking facilities exist.

(10) Organisation and control.

Most of the markets are not subject to any statutory control and the business is conducted according to market practices established by long custom. Only once in a while do the *arhatiyas* meet to discuss and settle points of common interest. In some markets, *arhatiyas* have established *panchayats* to manage and control the affairs of the market. The *panchayat* meets either at regular intervals or casually whenever any point arises for settlement. The proceedings are recorded informally in a file or *bahi*. These committees devote their attention to problems in which only commission agents or traders are interested and do not look to the interests of the producers. For instance, the main object of the *panchayat* in the fruit market at Rawalpindi is that when any member finds it difficult to realise his dues from a fruit merchant in another market, the matter is brought to the notice of the managing committee of the *panchayat* and if any of the members in the market happens to owe any money to the defaulting party, he is asked to withhold the payment and make it over to the aggrieved firm. It is the duty of the association to take up the matter with the defaulter and represent the interests of the member of the association. Similar other problems affecting only the traders are dealt with by the association.

A few regulated markets have been established in some provinces under their respective Commercial Crops Acts. They are managed and controlled by committees on which the producers also have been represented. The local government establishes market committees consisting of varying number of elected and nominated members and it is the duty of these committees to enforce the provisions of the Acts. It is reported that these regulated markets are managed and controlled more efficiently than any other type of markets in India. Further details about these markets will be given in Chapter V.

(11) Persons operating in the market.

The various types of persons functioning in the wholesale markets are discussed below:

(*a*) *Arhatiyas* (*Commission agents*).—The two types of *arhatiyas* have already been discussed before. Although there is no compulsion to utilise the services of an *arhatiya*, direct negotiations between sellers and buyers are not common.

(*b*) *Dalals* (*brokers*).—Generally speaking, the *dalal* assists the *arhatiya* in bringing together sellers and buyers and arranging the sale of produce. He is a person of modest means and does not keep any establishment nor has he any capital to invest. In some markets, the same broker acts on behalf of both the seller and the buyer. The general opinion is that in such cases, the *dalal* has more sympathy with the buyer who usually belongs to his own class than with the producer.

(*c*) *Tolas* (*weighmen*).—Weighing in wholesale markets is done by a functionary known as *tola* who usually works as a separate entity though in some cases he may be an employee of the *arhatiya*, and may have to do other odd jobs in addition to weighing produce.

(*d*) *Hammals and palledars* (*market labourers*).—*Palledars* are market labourers who attend to the cleaning and handling of produce in markets. They are usually independent workers though in certain cases they are permanent employees of commission agents. In some cases, they work under contractors.

(*e*) *Other functionaries*.—There are a number of other minor functionaries such as sweepers, water carriers and other servants of *arhatiyas*, who attend to the convenience of *arhatiya's* clients. Mention may also be made of the *munim* (*arhatiya's* accountant), who is usually a salaried employee of the *arhatiya*. Besides a *munim*, there may be an apprentice known as a *shagird* working in some *arhatiya's* shop.

(12) MARKET PRACTICES.

Generally speaking, sellers arrive in wholesale markets with their produce in the morning. The produce is taken to the shop of the *arhatiya* with whom the seller has his dealings. The newcomers are sometimes approached on the road or at the terminal tax or octroi posts by touts employed by *kachcha arhatiyas*. After the sale of produce, it is weighed and bagged by the market functionaries concerned. In the case of cotton, however, carts or pack animals carrying it are usually taken direct to ginning factory areas. The rates are settled without heaping the produce. Weighing takes place in the various factories concerned. It is commonly complained that after a portion of cotton has been weighed, objection is often raised regarding its quality and undue *batta* (discount) is sometimes claimed. Since a part of the produce is weighed and gets mixed with other lots, the seller is practically forced to submit to this deduction. Moreover, the weighing usually takes place late in the evening and the seller finds it very inconvenient to reload his produce and take it to some other customer. Even on the following day he is not sure of getting a reasonable price due to the fact that his cotton was "rejected" on the previous day. In some markets, *e.g.*, Chak Jhumra, Sangla and Kasur in the Punjab, cotton is unloaded in front of *arhatiyas'* shops just like other produce. Sales take place in the market and the produce is carted to factories after the weighment is complete.

(*a*) *Hours of business.*—The hours of business in different markets vary appreciably. In the Punjab, trade starts at about 7 A.M. in the markets in the Ferozepore district. In the Lyallpur market, business commences at about 10 A.M., while at Chak Jhumra which is hardly more than 12 miles from Lyallpur, trade begins in the early afternoon. In a few markets, *e.g.*, Montgomery, sales start even later, *i.e.*, late in the afternoon. In the United Provinces, the Central Provinces and Bombay, actual trading finishes in the forenoon. Weighment, deliveries and accounts occupy the rest of the day. The timings given above only indicate the relative differences in respect of earliness or lateness of the hours of trading. The actual timings, however, vary according to the season. For instance, in summer, trading commences in the early hours while in winter, it is somewhat delayed on account of severe cold and the buyers do not usually come until the sun is well up.

In the markets where trading takes place in the afternoon, the seller may not be free till late in the evening and therefore may either have to perform the return journey in the night or postpone it till next morning.

(*b*) *Methods of sale.*—Rates are settled and transactions concluded by one of the following three methods:

(*i*) *Sales under cover.*—In this system prices are conveyed by the buyers to the intermediary under cover of a cloth. (See upper plate facing this page). The offers are given by pressing the requisite number of fingers. Thus prices indicated by different buyers are not known to one another. This system is known as *Hath* or *Hathha*. Prices may be settled either by single bids or repeated bids. In the important markets, *e.g.*, Gojra and Lyallpur (Punjab) where arrivals are large, single bid system is in vogue, probably with a view to effect saving in time. The highest bid is accepted and in some markets, it may be disclosed after the transaction has been concluded while in others, it may be kept confidential.

(*ii*) *Auction system.*—Prospective buyers gather round the heap of produce and declare their offers to the auctioneer (the *arhatiya* or the broker) who goes on shouting the highest bid. The deal is closed in favour of the highest bidder.

(*iii*) *Open bid or private treaty.*—According to this system, rates are settled openly but unlike the auction system there is no shouting of bids. The buyers individually or collectively go to the *arhatiya's* shop at any time convenient to them and give their offers. The *arhatiya* strikes the bargain when he considers that a suitable offer has been received.

In some markets, different systems of sale are employed in the case of different commodities. In Moga and Giddarbaha (Punjab), cotton is sold under cover while seeds are sold by auction. Similarly at Nur Mahal (Punjab) rates for *rabi* crop are settled under cover while those for *kharif* crop by auction.

(*ix*) *Comparison between different methods of sale.*—Enquiries show that the cover system of sale is more common in the large markets. Each of the systems has its own advantages and disadvantages. The supporters of the cover system maintain that since each buyer is ignorant of the offer made by the other, he is tempted to offer the maximum price he is prepared to pay, whereas, in the case of auction system he raises the bid gradually and might be able to secure the produce at a rate lower than his maximum limit. On the other hand, it may be said that cover system does not stimulate as much competition as is likely in the case of auction system. That this is so would appear from the fact that in some markets, *e.g.*, Ambala city and Sialkot (Punjab) where bargains are ordinarily struck under cover, the auction system is followed when demand is heavy and there is a keen competition amongst the buyers. Another advantage of the auction system is that the seller is able to follow the course of bidding, while he remains quite ignorant about the course of prices offered under cover. The cover system thus deprives the seller of interest in the sale of his produce and also makes him feel suspicious. Further there is a likelihood of some of the unscrupulous *arhatiyas* giving lower rates to the sellers than those actually offered by the buyers in cases where the highest bid is not declared. The scope for malpractices in the case of the cover system increases when the produce is sold on *dara* basis. According to this system the number of heaps belonging to different parties may be sold at a flat rate. This practice is probably followed to deal with large quantities expeditiously but it lends itself to dishonest practices apart from the possibility of the good quality produce not fetching the full premium. Although the *arhatiya* sometimes pays the owners of different heaps at rates which he considers commensurate with the quality of their produce, there is a likelihood of his being partial to his special clients or, worse still, pocketing some money in the process of apportionment. This practice of *dara* sales is prevalent in the Punjab canal colony markets and in the Hapur-Muzaffarnagar area in the United Provinces.

Whatever the advantages or disadvantages of the various systems of sale may be, most of the intelligent farmers are found to be against the cover system, as they feel that they are entitled to know the course of offers given by all buyers.

(*c*) *Basis of sale.*—The basis of sale for certain commodities differs in different markets. For instance, wheat may be sold either on clean basis or a deduction (known as *karda*) for dirt may be made according to usage. The former practice prevails in the canal colony markets of the Punjab and some of the important markets in the western United Provinces, such as Hapur, Muzaffarnagar and Ghaziabad, while the latter is in vogue in a large number of markets in the United Provinces, *e.g.*, Fyzabad and Lucknow, and in the Central Provinces. In the former case, the seller gets the produce cleaned before giving delivery while in the latter case a customary deduction is made even if the produce is clean. Probably the amount of *karda* was originally reckoned on the basis of the average quality of wheat in the locality but now it has acquired the sanction of long usage.

(*d*) *Weighment and delivery.*—After the price is settled, the produce is weighed over and transported to the buyers' godown (or railway station for despatch) at his expense.

In a few markets such as Kasur (Punjab), however, delivery is given at the buyer's godown, and all delivery charges are borne by the seller. Weighment is checked by the buyer's men by re-weighing about 10 per

cent of the bags on a beamscale and sometimes on a platform scale. This is done either before taking delivery or after the produce has arrived in the buyer's premises. In the latter case weighing is done in the absence of the seller, but he is held responsible for any shortage reported by the buyer.

(13) Methods of sampling and analysis.

In the case of bulked grains and seeds samples are drawn from various depths of the heap at different places by inserting the arm as far as it can go and drawing out handfuls for examination. In the case of bagged produce, samples are generally drawn by a hollow spear locally termed as *Parkhi*, *Boma* or *Bamboo*. A spear is invariably made of metal. The point is thrust into different parts of a bag. Each charge drawn out may be examined individually or a composite sample may be formed. In Bombay, 10 bags are selected out of each consignment and are placed in a row one bag standing upright, the next one on its side with the seam upwards and so on, each position alternating (see lower plate facing page 54). The seams and the mouths of the bags are cut open. The sampler thrusts his arm into each bag as far as the elbow, stirs the grains (or seeds as the case may be) in customary fashion and draws the sample approximately from the centre of the mixed grain. The hand is then slowly withdrawn, care being taken not to spill any of the contents. This procedure is repeated until a sample of sufficient size has been obtained. Some shippers and mills employ special staff skilled in the drawing of samples. It is reported that these samplers have the skill to draw samples which show higher refractions than the samples drawn by ordinary persons.

The size of the sample varies in different places. In Calcutta, a sample of about 30 tolas (12 to 13 oz.) is drawn by spear from 8 to 10 bags of a consignment of linseed. In Bombay, however, the size of sample is much larger being not less than 140 tolas (nearly 3½ lb.). In the case of *kapas*, when prices are fixed on the basis of ginning outturn, buyers draw samples for actually determining the yield of lint. It is reported that in such cases fairly large quantities of *kapas* are taken by buyers without making any payment. Similarly in the case of the shellac trade in Calcutta, shippers insist on taking unduly large samples for judging the quality by visual examination before taking delivery.

It is customary in some markets to draw samples from about 10 per cent of bags in a consignment, but in certain markets, such as Hapur only 3 bags out of every 100 are tested. The procedure varies appreciably throughout the country The selection of bags to be sampled is usually left to the buyer but in certain markets the seller also has a right to select some of the bags as is the case in Calcutta. Enquiries show that the seller rarely exercises this privilege.

The bulk of the produce handled in the wholesale markets (particularly upcountry) is not subjected to any regular analysis for the determination of quality. Only visual tests are considered to be sufficient for this purpose. The traders are adept in estimating the proportion of refraction and the general quality of the produce. To be on the safe side, however, they are prone to over-estimate the amount of refraction present in a consignment. The mills' and exporters' purchases and a proportion of the actual deliveries of produce tendered in settlement of futures contracts are, however, analysed in greater detail. For instance, in the case of linseed, the sample is first run through a set of sieves in order to separate dirt, foreign matter and other oilseeds. The cleaned sample is then examined for the presence of wholly or partially damaged grain. The various component parts of the sample are then weighed usually by a chemical balance, though in some cases jewellers' scales or gold-smiths' hand balances are also used. Although the general procedure in analysing grains and seeds is more or less identical in different local markets, there is a slight variation in the type of appliances such as sieves and scales

used for carrying out the analysis. The meanings of certain terms denoting refractions such as "damaged grains" or "touched grains" are also not clearly defined. At present what would be regarded as a *"slightly* damaged grain" in Calcutta might be classified as a *"wholly* damaged grain" in Bombay.

The absence of uniformity in the methods employed in drawing samples and in analysing them inevitably results in a lack of comparability in the results of analysis. For instance, results obtained at Calcutta and Bombay are not strictly comparable, firstly because the size of the sample drawn is not the same, secondly because the method of drawing the sample is different and thirdly because the procedure in making the analysis is not uniform. It seems desirable, therefore, that methods of sampling and analysis as well as the equipment by which the analysis is carried out should be standardised.

(14) SETTLEMENT OF DISPUTES.

Generally speaking, there are no suitable arrangements for the settlement of disputes, if any, amongst the sellers and buyers in markets. *Panchayats*, wherever they exist, mostly confine their attention to disputes amongst traders. Probably lack of adequate arbitration facilities in markets is one of the important obstacles in the way of direct marketing of agricultural produce by producers in certain tracts. It is only in the case of regulated markets that some satisfactory arrangements for the settlement of disputes between sellers and buyers have been made and these will be discussed in a later chapter. In the case of "futures" trade, the bye-laws of the various trade associations provide for means of arbitration. At port towns, business is regulated and disputes settled according to the procedure laid down by the merchants' associations.

(15) WEIGHTS AND MEASURES.

There is an utter lack of uniformity in the weights and measures used in different parts of India. They not only vary from one province to another but also in different tracts of the same province. This chaotic condition easily lends itself to dishonest practices by unscrupulous persons. Moreover, it imposes a serious handicap on the development of organised trading as it renders a ready comparison of price quotations of different markets difficult. Standardisation of weights and measures, therefore, is a prime necessity and is an essential preliminary to improved and organised marketing.

(*a*) *Weights and measures in current use*—(*i*) *Weights.*—The only unit of weight which is fairly common to the whole of India is the so called railway maund (82·2857 lb.). It is based on the tola which is equivalent to the weight of a rupee, *i.e.*, 180 grains or 0·4141 oz. This maund with its sub-multiples* is used by all railway administrations as well as at the ports and in most of the larger trade centres upcountry. It is also referred to as the Bengal maund or the Imperial maund. It is in common use in rural areas in the eastern parts of the Punjab, in the western district of the United Provinces, in Bombay and in Sind. In some of the rural areas, this maund and its sub-multiples are known as *pucca* weights as distinguished from the local non-standard weights known as *kachcha* weights. Even this distinction is not maintained in all tracts. For instance, in parts of rural areas of the Attock, Mianwali and Rawalpindi districts and in the whole of the Dera Ghazi Khan district in the Punjab a seer over 80 tolas is in vogue, and is known as *pucca* seer while the standard seer is known as *kachcha* seer.

The *kachcha* weights vary enormously from one tract to another. In the Punjab, for example, the *kachcha* seer varies from 31 tolas in Hoshiarpur to 102 tolas in Dera Ghazi Khan. In the United Provinces, the 92

* 5 tolas = 1 *chhatank.*
16 *chhatanks* = 1 seer (2·0575 lb.)
40 seers = 1 maund.

tolas seer is in use in Hamirpur while the Ghazipur seer is of 112 tolas. In the neighbourhood of Gorakhpur and the adjoining tracts of Bihar, the local seer is based on the weight of a varying number of *Gandas* of 4 Gorakhpur pice, the weight of 1 pice ranging from 125 to 250 grains. In Bengal, the local seer in the Rangpur district varies from 60 to 90 tolas, in Dinajpur from 60 to 96 tolas and in Malda from 60 to 100 tolas. The *kachcha* weights vary not only from tract to tract but also from village to village and even in the same house.

With such faulty weights it is impossible for a grower to ascertain the exact quantity taken by him to the market. Besides this, the conversion of *kachcha* weights into *pucca* weights that may be in use in the neighbouring market is almost beyond the mathematical capabilities of illiterate producers.

The position in respect of weights is made still more confusing by the fact that variations are found to exist in the same market for different commodities. For instance, at Cawnpore, the maund for common oil-seeds is equivalent to 41½ seers, for groundnuts 50 seers, for wheat and other cereals 41¼ seers and for tobacco and sugar 48½ seers.

(*ii*) *Measures.*—The position regarding measures is probably worse than that of weights. One of the drawbacks of the measure system is that it cannot be expressed in definite terms of weight as the latter varies according to the specific gravity of grain. They are made by the village artisans and may not always be uniform. The practice of using them "heaped" further leads to malpractices. In the Punjab, the most common measure is the *Topa* the capacity of which varies roughly from 1 seer 10 *chhatanks* of wheat in the Gujranwala district to 4 to 5 seers in the Muzaffargarh district and to a calculated weight of about 3 maunds 33½ seers in the Kangra district. In Bihar and Orissa, measures are very extensively used. *Paila* is the common unit though others such as *Kata* and *Gonta* are also found in many places. The capacity of a *Paila* in the Chhota-Nagpur and Santhal Parganas (Bihar) varies from 1 chhatank to 1 seer of wheat. Similar variation is found in other parts of India.

(*b*) *Verification of weights and measures.*—Although bye-laws prescribing the use of standard weights and measures have been framed by most of the local governments and have been adopted by a number of municipalities and district boards, they are more or less a dead letter except in the case of a few markets. As a result of disinterestedness on the part of local authorities, it is not surprising that a large number of the weights and measures in current use are faulty. For instance, in the Punjab an investigation conducted under the auspices of the Board of Economic Enquiry, revealed that out of the 12,474 stamped weights tested only 51·2 per cent were correct. The position is worse in the case of *kachcha* and unstamped weights. In the case of the former only 17·2 per cent were found to be correct whereas in the case of the latter the percentage of correct weights was as small as 5·4. The conditions regarding measures were found to be even worse.

This clearly shows the necessity of standardising weights and measures and of having systematic and thorough verification. With this end in view Weights and Measures Act was passed in Bombay in 1932. The Act enjoins the adoption of standard weights and measures and their periodical verification. After the passage of the Government of India Act of 1935, the responsibility for the establishment of standard weights lies with the Central Government while their actual enforcement as also the standardisation of local measures is the concern of the local governments. Consequently the Central Government passed the Standards of Weight Act in 1939 according to which the following weights have been adopted as standard weights:—

(*a*) the standard tola equivalent to 180 standard grains,

(*b*) the standard seer equivalent to 80 standard tolas (14,400 standard grains),

(*c*) the standard maund equivalent to 40 standard seers, also,
(*d*) the standard pound equivalent to 7,000 standard grains,
(*e*) the standard ounce equivalent to 1/16 of a standard pound,
(*f*) the standard hundredweight equivalent to 112 standard pounds,
(*g*) the standard ton equivalent to 2,240 standard pounds.

Since then provincial Weights and Measures Act has been passed in the Punjab.

(*c*) *Scales employed.*—Ordinary hand-scales are used for weighing over most of the agricultural produce that is brought to the markets—the usual unit of weight being 5 seers. For weighing over larger quantities, *e.g.*, bagfuls, beamscales are generally employed though some of the big firms and mills use platform scales also. The former type of scales is cheaper and simpler in working than the latter and is, therefore, more popular. Investigations conducted by the Board of Economic Enquiry, Punjab, referred to earlier showed that two out of every three hand-scales used in trade were defective. The verification of scales along with weights and measures is, therefore, desirable. It is gratifying to note that this also has been included in the provincial Weights and Measures Acts passed so far.

(16) Market charges.

Market charges levied in *mandis* go under a variety of names in different markets but generally speaking, they fall under the following main heads:—

(*a*) Taxes and tolls.
(*b*) *Arhat* (commission).
(*c*) *Dalali* (brokerage).
(*d*) *Palledari* (handling charges).
(*e*) *Tulai* (weighment charges).
(*f*) Charges for other services.
(*g*) *Dharmada gaoshala* etc. (charity).
(*h*) *Karda* (quality allowance) and *dhalta* (weight allowance).
(*i*) Miscellaneous.

Taxes and tolls include the octroi and terminal taxes levied by municipalities and tolls levied by local bodies or owners of markets. *Arhat* and *dalali* are the remuneration paid to the *arhatiya* (commission agent) and the *dalal* (broker) respectively. *Arhat* paid by buyer is known as *dami*. *Palledari* denotes the wages paid to *palledars* (market labourers) employed for heaping the produce and helping in its weighment. *Tulai* is the payment made to the *tola* (weighman). Charges for other services include contributions to the *arhatiya's* clerks (*munims*) and apprentices (*shagirds*) and a fee for making out invoices and accounts. Deductions under charity include such charges as *Dharmada*, *Gaoshala*, *Pathshala*, etc. *Dharmada* may be utilised for any charitable purpose at the discretion of the commission agent while *Gaoshala* is specially meant for the maintenance of a *pinjrapole* and *Pathshala* is ear-marked for a school. Sometimes additional charges for the support of a local temple, etc., may be levied. Besides these charges, a handful of produce is generally given to each *Sadhu* or *Fakir* visiting the *arhatiya's* shop. *Karda*, as explained earlier, is an allowance claimed by the buyer for dirt while *dhalta* is an allowance charged to compensate for "draftage". Under miscellaneous charges may be grouped such deductions as *note batta* and *muddat*. The former is a charge made for giving coins instead of currency notes while the latter is recovered by the *arhatiya* to cover himself for the loss of interest caused by his making immediate payment to the seller and allowing a period of credit to the buyer.

It will be seen from the list of market charges given above that at least some of them are unwarranted. For instance, charges for charity are levied for purposes which have no connection whatsoever with the marketing of agricultural produce. Further, so far as the producer is concerned, he has no personal interest in some of the institutions such as *Kanya pathshala*

(girl school) for the maintenance of which he is forced to pay. Moreover there is no guarantee that these collections are always utilised for the purpose for which they are collected. Similarly, *note batta* does not appear to be a justifiable charge. It came into prominence during the 1914—18 War when silver currency became relatively scarce. Although conditions came to normal later, this allowance has continued in a number of markets.

Enquiries show that there is an enormous variation in the incidence of the marketing costs in different markets. Taking the case of wheat as an illustration, variations in different items of marketing costs in the wholesale assembling markets are discussed on the following page.

Incidence of taxes and tolls was found to be *nil* in certain markets while it was as high as Rs. 4-8-9 per Rs. 100 in Benares. *Arhat* (commission) was charged at 12 annas per 100 rupees at Jubbulpore (Central Provinces) and Kotah (Rajputana), at Re. 0-14-6 at Lyallpur and Jaranwala, while it was as high as Rs. 2-8-0 at Purnea (Bihar) and Rs. 3-2-0 at Muzaffarpur. Brokerage is charged whenever a broker is engaged and the rate varies considerably. For instance, it was found to be one anna per 100 rupees in Toba Tek Singh (Punjab), Shamli (United Provinces) and Indore (Central India), 8 annas at Bijapur (Bombay), 14 annas in Cawnpore (United Provinces), and Sukkur (Sind) and as high as Rs. 1-9-0 in Belgaum (Bombay). Handling charges also showed considerable variation. Charges at Khagaria and Lullusarai were 2 annas per 100 rupees while at Meerut and Sukkur they were Rs. 1-10-9 and Rs. 2-8-3 respectively. As regards *karda*, it is a fixed charge in some markets, *e.g.*, Hathras (United Provinces) while in others it is settled before or after sale. In markets where wheat is delivered after cleaning, no *karda* is deducted. It is a common deduction in most of the central and eastern United Provinces markets and usually varies from 1/6 to 1/4 seer per maund. In a few markets in the Punjab, *karda* is deducted at a fixed rate of 1 seer per bag of 2½ maunds. Similar variation exists in all other charges also. Taking all the merchandising charges into account, it was found that they amounted to Rs. 2-1-3 per 100 rupees at Chak Jhumra (Punjab) whereas they were as high as Rs. 7-9-9 per 100 rupees at Fyzabad and Rs. 7-13-0 at Bareilly (United Provinces). In some provinces distinct variation was noticed in markets located in different tracts. For instance, merchandising charges in wholesale assembling markets in canal colony markets of the Punjab were found to be lower than those in the non-colony markets, the average figures in the two cases being Rs. 2-15-1 and Rs. 3-11-5 per 100 rupees respectively. Similarly, in the United Provinces marketing costs are much higher in the markets in the central and eastern parts than those in the western tract. In the Hyderabad State, average charges are lower in regulated markets than in unregulated markets.

There appears to be no uniformity either as to which charges are to be paid by the seller and which by the buyer. For instance, in the Punjab, out of 38 markets for which information was collected and where brokerage was payable, it was payable by the seller in 9 markets, by the buyer in 11 markets and both by the seller and the buyer in the remaining 18. As a result of this kind of variation the proportion of charges payable by the buyer and the seller may differ widely. Besides this, there is no uniformity in the method of levying these charges. For example, brokerage which is normally recovered in cash may be recovered in kind in certain markets as in Ghaziabad in the United Provinces. Similarly *tulai* (weighing charges) which is usually realised in cash, is payable in kind in some markets, *e.g.*, Nakodar and Nur Mahal (Punjab).

Thus it will be seen that there are great variations in market practices and charges. It must also have been noticed that some of the market practices ignore the interests of the seller. As a rule, there are no suitable arrangements for the settlement of disputes between sellers and buyers. In certain cases, market charges are excessive. At present, the producer has no voice in the management of markets It is desirable that all

markets should be regulated and market committees set up on which all interests can be represented.

(17) EXTENT TO WHICH MARKETING CHARGES ARE UTILISED FOR PROVIDING MARKET FACILITIES.

Charges levied by the various market functionaries are retained by them for the services rendered by them, and, as explained earlier, deductions for charity are spent for purposes which have little to do with marketing.

In the case of privately owned markets very little is spent towards the improvement of the market by the owners who realise tolls. In the case of markets located within municipal boundaries, sanitary arrangements are made by the municipality. Generally, however, cleanliness, drainage, etc. of most markets are far from satisfactory. Even the municipalities which draw substantial incomes from terminal or octroi taxes levied on agricultural produce, do not spend sufficient money on the improvement of the markets. To take only a single instance, the total income derived from the taxation of imports of agricultural produce by one municipality in the Punjab during 1934-35 amounted to about Rs. 22,690, while the amount spent on the provision of suitable facilities was Rs. 1,500 only. It is desirable that a substantial portion of the income derived from a market should be spent for the maintenance of market facilities.

C.—Retail markets and specialised bazars.

(1) GENERAL.

In addition to fairs and periodical markets which have already been described in the earlier chapters, the retailing of produce takes place in regular shops which may either be scattered all over a town or may be concentrated in certain localities. In some of the cities, shops retailing similar types of commodities are concentrated in the same street so that the *bazar* becomes specially known for that particular type of commodity. For instance, in Lahore, there is a retail market near the Lohari Gate where mostly wheat and rice are retailed. The number of such specialised *bazars* dealing in single or only a few particular commodities is, however, small. As a rule, shops dealing with different types of commodities, *e.g.*, groceries, vegetables, fruits, ghee, etc., are all situated in the same locality.

In some important towns, the municipalities, the cantonment authorities and even private individuals have constructed special centralised retail markets. These markets generally deal in fruits, vegetables, meat, fish, eggs and poultry, though in some, general provisions are also available. The number of such retail markets in a town varies considerably. For instance, in Hyderabad (Deccan), there are 12 such markets, in Bombay about 35 and in Calcutta about 70 markets.

(2) OWNERSHIP.

The individual retail shops scattered in the various parts of a town or a village are owned by the shop-keepers themselves or are taken on rent by them from private individuals. Similarly, most of the shops located in *bazars* are privately owned. There are a few centralised markets also which are privately owned. A noteworthy typical example of this type of market is the Nutton *Bazar* in Calcutta, which is owned by the family of a big landlord. As stated earlier, some of the municipalities and cantonment authorities have also erected special retail markets. Outstanding examples of retail markets owned by local bodies are the Sir Stuart Hogg Market (commonly known as the New Market) in Calcutta and the Arthur Crawford Market in Bombay. A few such centralised retail markets are owned by the government also. The Worily Market in Bombay and the Orphanganj Market in Calcutta may be quoted as typical instances.

(3) AREA SERVED.

The retail shops scattered in different parts of a town or a village serve the requirements of the inhabitants residing in that particular locality, while those congregated in *bazars* etc., not only serve the needs of the whole town but also supply the needs of the surrounding villages.

(4) TYPES OF SHOPS AND GODOWNS AND THE LAY-OUT AND ARRANGEMENT OF RETAIL MARKETS.

Retail shops located in villages are usually *kachcha* while those set up in towns and cities are invariably *pucca*. The small shops generally consist of one room while the bigger ones may have two or more rooms. The front room is generally used for the display of goods while the back room may serve as a godown or may be used for residential purposes. In some cases, temporary wooden platforms are constructed in front of the shops for displaying goods. These platforms are protected from the sun either by a sheet of hessian cloth supported by bamboos or by corrugated iron sheets kept in position by iron bars (see upper plate facing page 55). The retailer sits at the entrance of the shop surrounded by numerous containers exhibiting the various articles.

In the case of centralised retail markets built by private persons or municipalities, almost all shops are located within the market buildings, which sometimes are quite imposing. The Victoria Memorial Retail Market in Gwalior may be cited as an instance (see lower plate facing page 55).

The lay-out of the various centralised retail markets varies in each case and in some of them elaborate arrangements are made for the sale of different commodities. For instance, in the Darjeeling Municipal Retail Market, the following separate sections have been provided:

(*a*) General Retail Market.
(*b*) Beef and Mutton Market.
(*c*) Pork and Buffalo Meat Market.
(*d*) Stalls for Dry Fish.
(*e*) Egg and Poultry Market.
(*f*) Fish Market.
(*g*) Vegetable and Fruit Market.

The general retail market consists of retail shops erected in rows enclosing a cemented yard which is divided into separate portions for the use of squatters who are mostly sellers from villages. A few semi-permanent stalls are also provided in the yard. The buildings around this yard are two-storeyed. The ground-floor is used by retailers of groceries, grains, oils, pulses, cloth and fancy articles, etc. The yard is well-drained. A space measuring 150′ × 100′ is provided for parking carts, cars, etc. Electric light is provided at suitable places in the yard. A post and telegraph office is also located within the market precincts.

The Beef and Mutton Market is situated in a building 150′ × 50′ and is divided into two sections—one for mutton and the other for beef. The whole building is covered with wire gauze netting and is fitted with double automatic doors to prevent flies from getting in. Separate rooms have been provided for the sale of pork and buffalo meat. A small room has been reserved for storing discarded meat which is likely to rot earlier and thus contaminate other meat. This precautionary measure is worthy of note. There is a separate section dealing in dry fish, poultry and eggs. The fish market is kept clean and is free from the usual fishy odour, due to clean handling of fish in the market. Wooden tubs are provided for preliminary cleaning in addition to a water tap for each stall-holder. Another section is reserved for fruits and vegetables where separate stalls have been provided for fruits and vegetables. On either side of this section is a meat stall; the one on the North is reserved as a mutton shop for the Mohammedans while that on the South is meant for Hindus. Along with each of these meat stalls, there is a tea stall also. A butter table has also been provided where butter is sold twice a week. Besides this separate godowns and flush-latrines have been provided within the

market area. The office of the Market Superintendent is centrally situated in-between the general retail market and the vegetable, fruit and meat markets.

It is desirable that the lay-out of all centralised retail markets should be such as to ensure sanitary conditions at a high level in the interest of public health.

(5) COMMUNICATIONS.

In towns and cities, retail *bazars* and markets are located along the roads and means of conveyance are easily available. In some of the big cities like Calcutta, there are buses and trams also. The post and telegraph offices are generally within easy reach and in places where telephone service is available, the leading retailers, particularly those dealing in groceries and general provisions, possess telephonic connections also. The use of post, telegraph and telephone in the retail trade is, however, very small as compared with the wholesale trade, as the bulk of the retail business is done by personal visits.

(6) NATURE AND AMOUNT OF COMMODITIES DEALT IN.

The retailer of vegetables generally confines his attention to vegetables only, though sometimes he may undertake, as a side line, the sale of a few other articles like eggs also. Similarly, fruit vendors confine themselves mainly to fruits. *Halwais* sell milk and milk products in addition to sweetmeats. In meat stalls, no other article except meat is generally sold. As regards other commodities, *i.e.*, grains, pulses, etc., they are sold in conjunction with numerous other articles of daily household use such as spices, sugar, groceries, tobacco, salt, oils, match boxes, etc. In some of the big centralised retail markets, *e.g.*, the New Market at Calcutta, there are other shops also which deal in such articles as bread, pastry, toys, stationery, books, shoes, fancy birds, etc., etc.

The turnover of retail shops varies enormously depending upon the importance of each. The turnover is effected by the season also. For instance, more meat is reported to be consumed in winter than in summer. The seasonal variation in the turnover is particularly marked in the towns affected by migratory movements of population to hill stations.

(7) STORAGE FACILITIES.

Retailers are usually petty merchants and do not, as a rule, keep large stocks with them. In the case of perishables, *e.g.*, vegetables, fruits, milk and meat, the question of storing does not arise as the retailers purchase only small quantities which they hope to dispose of within a short period. The retailers of grains, pulses, sugar, spices, etc., store whatever small stocks they have, in their back rooms. In the case of centralised retail markets, some municipalities have provided separate godowns for the use of retailers. For instance, in the vegetable municipal markets in Bombay city, small godowns with perforated doors (to facilitate the circulation of air with a view to reducing the damage during storage) have been provided by the municipality.

(8) PRACTICE OF SORTING OR GRADING, MIXING OR ADULTERATION.

In the case of fruits, over-ripe or damaged fruits are separated by retailers from parcels bought from wholesale markets. The remaining fruits are graded into two or three lots according to the size of the fruit. Similarly, in the case of some vegetables like potatoes, the consignment is divided into two or three lots. In the case of meat different qualities are sold separately. Not only this, meat from different parts of the same animal is sold separately according to the requirements of the consumers. Similarly, fish of various types are disposed of separately. In the case of grains, retailers usually get them cleaned before exposing them for sale. Generally speaking, retailers keep more than one quality of a commodity in order to satisfy the varied demand of different consumers.

In the case of articles where adulteration cannot be easily detected by the consumer some unscrupulous retailers resort to mixing and adulteration to an appreciable extent. The case of rice may be cited as an instance. Some medium quality rices can be mixed to a fairly large extent with fine rices without the adulteration being detected by the ordinary consumer, and some unscrupulous retailers do not hesitate to make profits in this manner. Similar is the case with some other processed articles, such as gram-meal, wheat *ata*, etc. As regards milk and ghee, the concensus of opinion is that adulteration takes place on a much wider scale than in the case of most other products. In short, mixing and adulteration, wherever possible without easy detection, are reported to be rife in the retail trade.

To alleviate the position to some extent, it is desirable that the Food Adulteration Acts and Regulations should be enforced more rigidly.

(9) Organisation and control.

As far as is known, there is no organisation of retailers and each of them carries on his trade as best as he can.

In the case of centralised retail markets built by private persons, the municipalities concerned supervise the sanitation. Markets owned by municipalities are controlled by special sub-committees elected from amongst their members. The sub-committee exercises its control through its Executive Officer or Secretary and the Market Superintendent. The chief duties of the Market Superintendent are to lease out stalls, check weights and measures, to attend to the sanitation of the market, to supervise the collection of market dues and to settle disputes. In municipalities where no Market Superintendent is appointed, such duties are carried out by the Octroi Superintendent or the Supervisor. The Orphanganj Market at Kidderpore in Calcutta which is owned by the Government of India is controlled by a Senior Sub-Deputy Collector deputed by the Government of Bengal.

The shop-keepers and stall-holders in municipal markets are granted vendors' license subject to certain restrictions and conditions. A copy of the licence form including restrictions and conditions adopted by the Bombay Municipality is given in Appendix X. Besides exercising control over stall-holders or shop-keepers, the municipalities provide certain other facilities to visitors. For instance, licensed coolies having prescribed uniforms and bearing number badges, are made available for carrying *bazar* purchases. The charges of these licensed coolies are fixed by the Market Superintendent to whom all complaints about them may be made. Again, stands for keeping cycles and motor cycles are provided for the convenience of the public. Efforts are also made, to cope with beggar nuisance within the market premises. Matters affecting the interests of the public are sometimes brought to their notice through the press. A copy of "Market Notices" published in an issue of the Calcutta Municipal Gazette is given in Appendix XI, as an instance.

(10) Methods of sale and fixation of prices.

In most of the retail markets bargains are struck after a good deal of higgling. The customer goes to a shop and asks for the things he wants. After examining the various qualities, he enquires about the prices. The customer may visit a number of shops in search of the quality he wants and also in order to ascertain prices before he actually strikes a bargain. The retail prices, therefore, sometimes vary to a certain extent within the course of the same day, depending upon the alertness and the power of higgling of a customer. As a rule, higher prices are charged from customers buying on credit. Sales are generally carried on cash basis, though in many cases, credit is allowed to reliable and regular customers for about a month.

As a rule, there is no check over the prices charged by retailers. In some of the important municipal retail markets, however, prices are fixed by the Market Superintendent. For instance, in the Tollinton Market at Lahore, the market *Daroga* fixes prices of fruits and other commodities sold, every week, under the instructions of the municipal authorities. Every Monday, the *Daroga* pays a visit to retail shops in the city and collects information about current prices. The averages of these are put on the notice-board for the information of the public. The retailers are required not to charge prices higher than those fixed by the municipal authorities.

(11) MARKET INTELLIGENCE.

Most of the retailers are not in a position to arrange for market intelligence in the same elaborate manner as wholesalers and commission agents. Generally speaking, they obtain market information from wholesalers, but as they usually buy in small quantities, they do not bother much about market intelligence and make enquiries about the price of each commodity required by them only at the time when its stock in the shop is about to finish. The consumer usually ascertains the price of a commodity by a visit to retail shops. In certain municipal markets, however, the prices ascertained by the Market Superintendent are put on a notice-board for the guidance of the public. As a rule, retail prices are not exhibited by individual shop-keepers and stall-holders. In Bombay, however, some of the retailers maintain notice-boards where the retail prices of commodities which are in general demand are posted. Similarly, in Poona, most of the butter merchants display the butter prices of the day.

Weekly retail prices of meat, vegetables, fruits, eggs and certain other articles of food, *e.g.*, rice, flour, biscuits, tea, etc., current in the municipal markets in Calcutta are published in the Calcutta Municipal Gazette.

(12) WEIGHTS, MEASURES, BALANCES AND SCALES.

The weights and measures used in retail trade are usually the sub-multiples of those used in the wholesale trade. In the municipal markets, the use of standard weights is invariably prescribed. Generally speaking, hand-scales of different sizes depending upon the quantity to be weighed are used in the retail trade. As in the case of wholesale trade, periodical verification of weights, measures and scales is necessary.

(13) METHOD OF HANDLING AND DISTRIBUTION OF PRODUCE.

The methods of handling and distribution vary in the case of different articles. For instance, in the case of fruits, the customer makes his selection out of the lot for which prices have been settled and the purchases are put in paper bags or small baskets. Similar is the case with vegetables. The general articles of grocery are weighed over and put into paper bags or packed in small pieces of paper. Larger quantities are put in pieces of cloth or gunny bags. For certain commodities, *e.g.*, tea, the use of small tins has become quite common. In the case of milk the consumers have their supplies by one of the following four popular methods:

(1) Getting the producers' animals milked under one's own supervision.
(2) Delivery of milk at consumers' residences.
(3) Purchasing at the shop of *Halwais* or milk vendors.
(4) Drinking at the shops.

Some of the municipalities have provided a few stalls for the sale of milk in their markets. For instance, the Corporation of Calcutta has set apart a few stalls in some of their markets for this purpose. Some of these stalls are equipped with domestic refrigerators for keeping the cans of milk cool. At Simla, all the retail shops are located in a wing of the municipal market. The doors and windows are fitted with wire gauze and the floor is paved with cement slabs. People are not allowed to crowd in and sales are made through a window.

It may be pointed out that except in the case of a few commodities, *e.g.*, vegetables, fruits, milk, bread and butter, the system of door to door delivery is rather rare.

(14) Market charges.

The market charges levied in retail markets may be grouped under the following two main heads:

(1) Terminal tax and octroi charges.

(2) Stall and shop rents.

In the case of articles purchased from local wholesalers, terminal and octroi charges have not to be paid by retailers, as they are already paid at the time the produce enters the town and is taken to the wholesaler. On the other hand, certain types of produce, such as, vegetables, are sometimes directly brought to the retail markets and have, therefore, to pay the necessary terminal or octroi tax. The rents of various shops differ appreciably depending upon the situation of the shop, its size and the nature of commodities handled. Besides the octroi or terminal tax and the rent, certain additional charges are also levied in some of the markets. For instance, in the Calcutta municipal markets, a lump-sum known as *Salami* has to be paid by shop-keepers and stall-holders at the time of taking over shops or stalls on a year's lease. The amount of *Salami* varies considerably and may be anything from Rs. 10 to several hundred rupees, depending upon the nature of the stalls rented. In the case of municipal markets in Bombay, the highest bidder has to pay a licence fee of rupee one per stall per year, in addition to the stallage dues.

The market charges discussed above are paid by retailers. So far as the consumer is concerned he is not required to pay any charges on his transactions.

CHAPTER IV.—PRODUCE EXCHANGES.

A.—General.

The majority of Produce Exchages in India have been organised primarily for dealing in "futures" although some of them control spot trading also. "Futures" is an abbreviation of the original term "contracts for the future delivery of cotton" first used in the United States of America. In course of time, however, the word has become wider in application and now covers dealings in futures contracts in various agricultural products and other commodities on organised exchanges run by associations of traders. 'Futures' contracts are a form of price insurance as may be illustrated by a simple example. Suppose the price in the terminal market is 100. If a merchant thinks that he can profitably buy upcountry and deliver at that price, he proceeds to buy in the upcountry market and at the same time sells on the 'futures' market an equivalent quantity at that price. By the time the goods eventually arrive, the price may have risen or fallen. Suppose the price falls to 85. The merchant sells his goods at that price suffering a loss (as against his expectation) of 15, but by liquidating his sale of an equivalent quantity on the "futures" market, he makes a profit of 15. Thus he is covered against the fall in price. Conversely, in the same set of circumstances, a manufacturer having contracted to sell his finished product when raw material is costing 100, insures or protects himself against a rise in his costs by buying "futures" at that price. Should such a rise occur, he is at liberty to sell out his 'futures' contract and set the profit so made against the loss on the actual purchase of raw material.

The main feature in which a "futures" contract differs from a "spot" (or "ready") or "forward" contract is that whereas a spot contract is a contract for immediate delivery of goods and a forward contract for delivery of goods at a future date, a 'futures' contract although having the stipulation like a forward contract for delivery of goods on a future

date may also be liquidated—as is more usual—by payment of differences at any time during the currency of the contract.

B.—Growth and development of 'futures' trading associations in India.

The growth of 'futures' trading in India is a comparatively recent development brought about mainly by the changed conditions arising from the War of 1914—18 and as a result also of the increasing importance of the internal market. Until a few years after the last War, the greater proportion of the export trade in grains and oilseeds and a considerable part of the cotton and jute export trade lay in the hands of a few large international firms. These concerns maintained widespread buying organisations upcountry and established direct contact with the producers. Large quantities of the saleable surpluses of various commodities were disposed of to these firms for cash to be immediately despatched to the ports and shipped abroad. The ramifications of this system appear to have had some effect in stabilizing or at least in co-ordinating prices in the different markets. During the last War, the normal channels of trade were disorganised and the prevailing uncertainties encouraged a wave of speculation which resulted in many difficulties, not the least of which were the numerous failures and defaults which took place. Since there were few markets in which organised 'futures' trading existed with rules and regulations for the proper conduct of business, legitimate traders were subjected to severe strains and handicaps.

While the 'futures' trading in cotton and certain agricultural products had already been in existence at Bombay in some sort of organised form for a number of years prior to 1914, the first serious attempt towards organisation in any upcountry market seems to have come in 1920 when the now defunct Sugar and Grain Merchants' Association was formed at Amritsar in the Punjab. The lineal descendant of this body is the present Indian Exchange, Ltd., which is one of the more important institutions of its kind in India. In Calcutta, a small jute 'futures' trading association had been organised in 1912, but no jute was actually delivered and the market was used solely for gambling. After a somewhat chequered career it was finally closed down by the local authorities in 1926-27. Two other jute 'futures' associations were formed in 1926 but these also were suppressed in 1928 and 1929 respectively. The East India Jute Association was established in Calcutta in 1927 and now controls the jute 'futures' market in India. Bombay has probably larger experience of 'futures' trading than any other market in India. There were, for example, several associations of cotton trade interests in Bombay prior to 1914, two being concerned directly with the conduct of 'futures' trading. These were replaced by the East India Cotton Association constituted by statutory authority in 1922. The formation, a few years afterwards, of a second association (Shree Mahajan Association) operating a smaller unit of transaction and recognizing trading in "options" (*teji-mandi* or "put" and "call") has from time to time led to much discord in local cotton trade circles.

Although there have been no great changes in the number of 'futures' trading associations at the ports, a remarkable expansion in their activities took place throughout Northern India between 1920 and 1933. During 1932 and 1933 more than 60 of these concerns were registered in the Punjab alone. Their main business lay in trading in wheat 'futures', although provision for trading in other commodities such as gram, barley, rapeseed, etc., was also made in their rules and regulations and a certain amount of business did take place in those crops. By 1934, however, many of these 'futures' associations had failed and more than half of their number was moribund owing to their financial instability and lack of experienced management. Serious irregularities such as the non-observance or relaxation of the rules were also responsible for the unsatisfactory state of

affairs. To take the case of only 4 markets in the Punjab as an illustration. 16 out of the 20 'futures' trading associations registered in 1932-33, ceased functioning by 1936 after involving traders and others in heavy losses.

C.—Number and location.

It is not possible to state exactly how many futures trading associations are actually in operation, as in addition to those which are registered under the Indian Companies Act (many of which, owing to lack of financial stability, are either moribund or in process of liquidation) there are a number of unregistered associations concerning which the information available is meagre and unreliable. In Baroda State, for example, there are 6 small unregistered associations, all functioning in small markets situated within a radius of a few miles. From enquiries made in the course of this survey it appears that there are over 180 futures trading associations in India. The latest available information regarding the total number of futures trading associations in India is summarised below:

Province or State.	Number of futures trading associations.	Province or State.	Number of futures trading associations.
Punjab	105	Baroda	6
United Provinces	39	Hyderabad	2
Bombay	12	Gondal	2
Bengal	6	Sangli	1
Sind	3		
Central Provinces	1	Total	184
Patiala	7		

It will be observed from the figures given above that the majority of the 'futures' exchanges in India are located in the Punjab. The United Provinces follows with 39 associations, most of which are situated in the western parts of the province. In Bombay, there are 12 associations and out of these 8 are located in the Bombay city. In Bengal, there are 6 exchanged dealing in 'futures' and all of them are situated in Calcutta. In Sind, there are 3 produce exchanges all of which are located at Karachi. At Khamgaon (Central Provinces) there is a produce exchange dealing in groundnut oil. There are 7 'futures' trading associations in the Patiala State. The Baroda State has 6 unregistered associations. In the Hyderabad State, unregistered associations have been formed in Nizamabad and Warangal. But as *satta* is prohibited in the State, these associations are not publicly recognised. In the Gondal State there are two produce exchanges and in Sangli State there is one. There is one important exchange dealing in cotton at Indore.

The distribution of the various futures trading associations in India is given in Appendix XII. A reference to the Appendix will show that even in some of the small markets, there is more than one produce exchange. For instance, in the Punjab, Muktsar market (Ferozepur) has 6 produce exchanges and Fazilka (Ferozepur) and Dudladha (Hissar), markets have 5 produce exchanges each.

The excessive number of 'futures' trade associations, particularly in the Punjab, is probably due to the fact that most of the produce exchanges are working on profit-sharing basis. The biggest possible turn-over is the chief aim of the promoters of such institutions as they derive some income from the registration of every contract. This generally results in excessive competition to secure business, and in order to compete with one another the rules and regulations which ostensibly govern trading are relaxed and even disregarded entirely, so that when abnormal conditions arise, difficulties are liable to occur on account of certain members and their constituents being unable to meet their obligations.

In contrast to the large number of produce exchanges in India, the United States of America, where the technique of 'futures' trading was

originally developed, has only 17 commodity exchanges, the United Kingdom less than half a dozen and the Argentine with its large export trade in grains and oilseeds, only two. Similarly in other countries where 'futures' trading is conducted, the number of 'futures' associations is limited.

D.—Constitution and capital.

The 'futures' trading associations fall into two main classes, *viz.*, (*a*) non-profit-sharing and (*b*) profit-sharing. They are registered under the Indian Companies Act, the former under section 26 and the latter under section 13. Almost all the non-profit-sharing associations are located at the ports. The East India Cotton Association and the Marwadi Chamber of Commerce, both of Bombay, and the Karachi Indian Merchants' Association may be cited as typical instances. The profit-sharing associations are found upcountry only. The Indian Exchange, Ltd., Amritsar, is one of the most outstanding examples of this class. It is significant that the non-profit-sharing associations enjoy a greater degree of stability and influence than the majority of the profit-sharing associations. The former also provide their members with vastly greater amenities than those afforded by the associations in the latter category.

The amount of share capital and the value of each share vary considerably. For instance, one small association at Bhiwani (Punjab) has a capital of Rs. 25,000 made up of 250 shares of Rs. 100 each while the Indian Exchange, Ltd., Amritsar, has a share capital of Rs. 5,50,000 constituted of 550 shares of Rs. 1,000 each.

E.—Aims and objects.

Some of the main objects of profit-sharing associations as set forth in their Memoranda and Articles of Associations are as follows:

(*a*) to carry on the business of banking, warehousing merchants and commission agents in any article or commodity;

(*b*) to buy, acquire and deal with the business, assets and liabilities of any company or firm, person or persons, carrying on any business;

(*c*) to erect, construct or repair buildings for the purpose of carrying on the business of the Company;

(*d*) to draw, accept and negotiate bills of exchange, promissory notes and other negotiable instruments, to borrow money on promissory notes and take loans from other companies and to lend or invest money of the Company, and

(*e*) to enter into arrangements for sharing profits.

In some instances, advances to the extent of about 70 or 75 per cent of the full value are made against the security of produce pledged to the associations. The procedure followed is similar to that practised by banks in the hypothecation of such stocks. Buying and selling of commodities are not ordinarily undertaken, their main functions being to register members' transactions (on which a registration fee is levied) and to act as a clearing house for the adjustment of the claims and liabilities of their members to one another in respect of 'futures' contracts.

The objects of the comparatively few non-profit sharing associations are somewhat different. The establishment of uniformity in rules, regulations and trade usages, the provision of facilities for arbitration in disputes and the promotion of trade and commerce are among the general aims and objects of such institutions. In contradistinction to the profit-sharing associations, it is laid down that the income and property of non-profit-sharing associations shall not be paid or transferred directly or indirectly by way of dividend or bonus as profit to the persons who are, or have been, members of the associations. The advancing of money on the security of pledged stocks or participation in any form of trading is debarred by virtue of the section of the Companies' Act under which these associations are registered.

F.—Management and administration.

The management of both classes of associations is vested in boards of directors or committees the composition of which varies with the different institutions.

The premises occupied by these associations range from a very small rented shop consisting of one or two rooms, as in most of the upcountry markets, to the large commodious buildings containing offices, trading halls and sampling rooms, such as those recently constructed by the East India Cotton Association and the Karachi Indian Merchants' Association at Bombay and Karachi respectively. The large associations employ a numerous staff, whereas the small ones are run by a so-called manager and one or two clerks. Only a very small number of associations own and maintain suitable premises for the convenience of members and provide any real facilities for trading, comparable with those of kindred associations abroad.

G.—Methods of business.

In most of the produce exchanges, business is transacted at odd places in the market square or in the street. Only a few exchanges possess trading halls or special premises for this purpose, these trading places being known as "pits" or "rings".

(1) Brokers.

Brokers play a large and important part in the 'futures' markets. As a general rule, these functionaries are licensed by the respective associations and are required to deposit some form of security—personal or cash. The rules governing the appointment or recognition of brokers are, however, observed with considerable laxity at many places. In important towns having telephonic facilities, many brokers have telephones on their premises so that they may keep in touch with their clients. Less influential brokers keep moving about between the pit and their clients' shops informing the latter about the latest rates and trends and securing orders accordingly. During business hours, there is always a large number of brokers present in the "pit". The brokers shout their bids and offers at the top of their voices and use terms and gestures peculiar to the trade with the help of which they are able to conduct a large volume of business within a few minutes even amidst the din and clamour in the "pit".

(2) Hours of trading.

The hours of trading in 'futures' markets are fixed according to the rules of each association. This does not, however, debar members from entering into "spot" or "ready" transactions and "forward" contracts at any time or place mutually convenient to the buyer and the seller. Where there are no market premises with a common meeting place, such regulations regarding hours of business cannot be strictly enforced. In practice, therefore, trading in futures contracts goes on at almost any hour of the day and even at night. In order, however, to comply with rules where such rules exist, contracts made outside official working hours and/or at night are registered as having been made during working hours on the previous or following day.

(3) Commodities traded in.

Most of the produce exchanges deal in more than one commodity and the names of the various commodities dealt in by each are given in the contract form. The commodities generally included in the contract forms are wheat, gram, barley, linseed, rapeseed and toria, groundnuts, castor seed, cotton seed, sugar (refined) and gur (jaggery), cotton, jute and, in a few isolated instances, certain millets and peas. Ghee 'futures' are also transacted in one or two markets. All the commodities mentioned in the contract form of an association are not, however, actually traded in. For instance, in the Indian Exchange Limited, Amritsar, actual trading takes

place in wheat and gram only, although its contract form includes toria, sugar, cottonseed and cotton also. In some of the produce exchanges only one commodity is traded in. For instance, the Calcutta Shellac Exchange, Limited, Calcutta*, deals in shellac only while the East India Jute Association, Calcutta confines its activities to jute only. The importance of the commodities traded in varies with the locality. For instance, in the case of Calcutta, jute, hessian and shellac are the special commodities though there are facilities for transacting 'futures' business in wheat and linseed also. At Bombay, the most important 'futures' market is concerned with cotton. Considerable business also takes place in wheat, linseeed, groundnuts and castor seed. At Karachi, the range of agricultural commodities involved in 'futures' trading embraces cotton, wheat, gram, barley, toria, cotton seed and rapeseed. It is interesting to observe that in spite of a very large volume of groundnut business in Madras and South India generally, no 'futures' market has yet been established in those parts either in respect of this crop or, so far as can be ascertained, of any other agricultural commodity.

(4) Registration of contracts.

The system of registration followed by the majority of upcountry exchanges may be briefly described as follows.

After a transaction has been made, the brokers concerned enter it in their rough note books. Each certified broker is usually issued a book of printed forms by his association. These forms are generally in triplicate. From his rough note book the broker makes the necessary entries in the printed forms which are subsequently countersigned by the parties concerned. Then the seller's broker hands over one copy to the buyer's broker, one to the seller and retains the third for his own record. Similarly the buyer's broker gives one copy to the seller's broker, one copy to the buyer and keeps the third for himself.

As a rule the members of a 'futures' trading association are required to send to the office of the association, by a certain specified time (varying in the case of different associations) each day, forms giving the list of their transactions on the previous day. These forms are generally known as "Position Forms" and are sent to the office of the exchange along with the broker's slips. Both are carefully checked in the association's office and, if found correct, the transactions are confirmed and registered. Copies of the brokers' slips, and seller's and buyers "Position Forms" of the Bharat Krishna Trading Company Ltd., Okara are given in Appendices XIII, XIV and XV respectively. The system of registration described above is adopted by the majority of upcountry exchanges. There are, however, slight variations in certain cases. For instance in Amritsar the transactions are entered in the brokers' slips by the seller's broker only who gets two copies signed, both by the seller and the buyer. One of these is handed over to each party while the third which does not bear any signatures is retained by the broker for his own record. The "Position Forms" are also in triplicate. Each merchant enters his sales and purchases in these forms which are then sent in duplicate to the exchange. The third copy is retained by the merchant for his own record. After the transactions have been verified in the office of the exchange and registered, one of the two "Position Forms" duly signed by the exchange is returned to the merchant concerned.

(5) Margin money.

For every contract registered with most of the exchanges a member is required to deposit a certain sum of money according to the rules of the exchange. This deposit is known as the margin money and serves as a security against any losses to the exchange on account of fluctuations in prices. The amount of margin money demanded varies appreciably in

* Business suspended since March 1942.

different exchanges. For instance, in the case of wheat the amount of margin money prescribed by the various produce exchanges in the Punjab varies from 8 annas to Rs. 1-4-0 per bag. The rules of the majority of the associations specify that margin money must be deposited at the time of getting each transaction registered. Afterwards the position of each member is carefully watched and as soon as it is found that any member has less than a safe margin with the exchange, he is called upon to deposit more money to bring it up to the prescribed level. On the other hand, if a member has, at any time, more margin money than is really necessary he is asked to withdraw the surplus. The margin money deposited with the exchange bears interest at rates varying with market conditions. The system of calling for margin money at Okara (Punjab) is rather interesting. The members of the local Association are grouped into three classes—A, B, and C. Only members with good reputation and who give regular business are included in class A. They have the privilege of depositing only Rs. 25 per hundred bags of wheat but their accounts are adjusted from day to day at 2 P.M., the rate ruling at 12 NOON being taken as the basis. B class members are required to deposit double the amount but their accounts are not adjusted daily. C class members are not considered very reliable and the margin money demanded from them amounts to Rs. 125 per 100 bags.

(6) UNITS OF TRADING.

The units of trading vary considerably, as for example, from 125 maunds at Sonepet (Punjab) to 25 tons (approximately 680 maunds) at Karachi and Hapur, in the case of wheat, gram, barley and certain oilseeds. As regards refined sugar, the normal unit is 25 bags of 2½ maunds each while the unit for *gur* may range from 110 to 225 maunds. At Calcutta the trading unit for jute futures is 1 to 5 bales, 50 bales or 250 bales depending upon the association in which the business is effected. The unit of transaction in the Calcutta Shellac Exchange, Limited, Calcutta, is 10 maunds only. The normal unit for cotton at Bombay is now 50 bales, but it was formerly 100 bales in the East India Cotton Association. This change was effected by this association in order to compete with its rival, the Shree Mahajan Association, which had the smaller unit. The latter institution also operates a 10 bale contract.

(7) MONTHS OF DELIVERY AND PERIODS OF SETTLEMENT.

'Futures' contracts are generally made in respect of certain specific months, *e.g.*, December, March, May, etc., and are known by the name of the month. Months of delivery in which 'futures' contracts are traded vary widely even in the same commodity. In the case of wheat for example, many associations have their own delivery months without any regard to uniformity of practice in other markets. In Calcutta only two positions, *viz.*, May and September are traded in; in Bombay three delivery months, *viz.*, May, September and January are in vogue; and in Karachi there are as many as 8 delivery months, *viz.*, May, July, September, October, November, December, January and March. Further confusion is caused by the fact that months of delivery, refer to the European calendar at the ports and generally to the *Vikrami* calendar in the upcountry markets of Northern India.

There are periodical settlements or adjustments between the rates of outstanding contracts and the current market rate on certain fixed days. Such settlements are usually weekly or fortnightly. For example the East India Cotton Association has, fortnightly settlements and the Calcutta Wheat and Seeds Association and a large number of upcountry associations have weekly settlements.

All associations have fixed periods during the actual delivery months when delivery may be tendered or demanded as the case may be. In most markets this submission of tenders takes place usually during the

fortnight immediately preceding the due date of the contract. In some of the upcountry exchanges the seller has the prior privilege of asking the buyer to take delivery. He can exercise this privilege during a particular period after the expiry of which the buyer is entitled to demand the delivery of goods from the seller. The notice issued by the seller to the buyer asking him to take delivery is known as the Delivery Order while that issued by the buyer demanding delivery from the seller is termed as the Demand Order. The Delivery Order or the Demand Order is exchanged between the parties through the office of the association. The periods of delivery and the rules governing it vary considerably in the case of different associations. For instance in the case of Indian Exchange, Limited, Amritsar, the delivery falls due on the first day of each delivery month excepting *Har* in which case the 15th is the due date. At Lyallpur the Sham Sunder Trading Company, Limited, has fixed the due date for delivery, 5 days after issue of the delivery order or the receipt of the letter of demand. At Okara, Gojra and Jaranwala, however, the due date is the last date of the month specified in the contract.

After the receipt of a delivery order or a demand order, the office of the exchange notifies the buyer or the seller as the case may be, to take or give delivery.

The association levies certain charges for its services. These charges generally include commission and charity. The incidence of and the manner in which these charges are levied differ widely in different exchanges. At Amritsar, Lahore and Arifwala the charges are made per contract while at many other places they are levied per Rs. 100. The rate of commission per 500 maunds of wheat is 2 annas at Amritsar, 10 annas at Lahore and Rs. 1-8-0 at Arifwala. Similarly the rate of commission per Rs. 100 is 4 annas at Lyallpur and Gojra, 8 annas at Mian Channun and Rs. 1-3-0 at Fazilka. The majority of the associations derive their main income from commission charges. In some associations, *e.g.*, the Karachi Indian Merchants' Association and the port exchanges generally, individual contracts are not recorded by the association and only delivery orders are issued through it. Such associations charge a fee on each delivery order.

(8) 'Futures' contract forms.

In addition to the terms and conditions discussed in the foregoing sub-sections, 'futures' transactions are further governed by certain other terms and conditions laid down in contract forms (in which each transaction has to be entered) adopted by the various exchanges. The most important of these relate to the basis of refractions in the produce tenderable and the scales of allowances in the event of refractions exceeding the free tolerance limits. The procedure of arbitration and the charges leviable by the exchange are also laid down. A typical form of contract for 'futures' trading adopted by the Lyallpur Sham Sunder Trading Company, Limited, Lyallpur, is given in Appendix XVI.

There is a good deal of variation in the basis of refraction and the scales of allowances prescribed by the different exchanges. For instance, in the case of wheat, it was found that dirt was allowed free upto 3 per cent at Karachi while there was "nothing free" at Bareilly. If a particular refraction exceeds a certain specified limit the produce can be rejected by the buyer. There is a good deal of variation in the rejection limits also. At Lyallpur, Gojra, and Sargodha, for instance, wheat having more than 2 per cent of dirt is not tenderable but there is no specified limit of rejection at Bombay, Bareilly, etc. Barley and other food grain admixture is tolerated from 2 per cent at Lyallpur, Okara, Jaranwala, Chandausi, etc., to 6 per cent. at Ludhiana. The rejection limit is 2½ per cent. at Lyallpur, 4 per cent. at Jaranwala, Gojra and Okara, 5 per cent. at Hapur, 6 per cent at Muzaffarnagar and as high as 8 per cent in Amritsar. The

permissible content of damaged grain also varies considerably. For instance, at Jaranwala (Punjab) nothing is allowed free, at Okara, Gojra, and Sargodha 1 per cent is tolerated. The rejection limit at Jaranwala is 1½ per cent, at Okara, Gojra and Sargodha 2 per cent, while at Karachi it is 3 per cent. Similar variations exist in the case of shrivelled grains.

If a refraction exceeds the free tolerance limit, but is within the rejection limit the produce is accepted by the buyer subject to certain deductions for the excess content. The rates of these deductions are generally uniform for dirt, barley and damaged wheat content at full value for dirt content and at half value for barley and damaged wheat content but for shrivelled grains it varies from a quarter to half the value of the sound wheat. The free tolerance and the scales of allowances for weevilled grains vary very considerably in different markets and in different seasons. In fact, the variations for this are much wider than those for any other refraction. The deductions on account of weevilled wheat are made at quarter to half the value of the sound grains, though in certain cases they are treated as of no value at all. Some associations allow half value for weevilled grains up to a certain percentage beyond which no value is allowed. The rejection limits vary from "unspecified" in some exchanges, *e.g.*, those at Lyallpur and Ludhiana, to 5 per cent in the exchange at Dhuri. The definitions of the terms "damaged grain" and "touched grain" are also not standardised. The total of all refractions allowed free varies considerably. In the case of some associations whose contract forms were studied in the course of an investigation regarding wheat it was found that the range of variation was from 7 to 21 per cent, quite apart from the variation in the permissible tolerance for admixture of red wheat in white. As regards red wheat, 14 per cent is allowed at Muzaffarnagar whereas at Amritsar the tolerance limit is as high as 30 per cent. In some exchanges the rejection limit is 40 per cent while in others it is even higher. For instance, at Lyallpur and Karachi, the limits are 49 and 50 per cent respectively. The deductions for excess over the free tolerance limit are made at varying rates and in different manners. The Indian Exchange, Limited, Amritsar, has fixed a rate of 1 pie per cent per maund. At Jaranwala, Okara, Gojra and Ludhiana deductions are made at 3 pies per maund per 5 per cent. At Hapur, the rate is ½ pie per maund per cent whereas at Karachi it is 3 pies per cwt. for each per cent. in excess up to a certain percentage after which an extra quality allowance is given.

The terms of contract may either be mutual or non-mutual. In the former case if the produce delivered is superior to the basis the seller is entitled to a premium while in the latter he gets nothing extra. In the case of dirt content the terms are generally mutual though in certain cases, *e.g.*, the Chamber of Commerce Chandausi, the Grain Chamber Limited Muzaffarnagar and the Calcutta Wheat and Seeds Association, non-mutual conditions operate. The terms in respect of barley and/or gram content are also usually mutual. In the case of damaged wheat content, shrivelled grains and red wheat content (in contracts for white wheat) the terms are usually non-mutual.

High non-mutual tolerance limits in certain exchanges stand in the way of improvement in the quality of agricultural produce and even serve as an incentive for adulteration. To take a single illustration, it was found in a special investigation conducted at Amritsar and the surrounding districts that the proportion of barley in wheat progressively increased in the journey of the latter from the threshing floor to the Amritsar market. The barley content on an average amounted to 1·8 per cent on the threshing floor. It went up to 2·6 per cent when wheat was on its way to a neighbouring market. The proportion still further increased when the produce reached Amritsar where it was found to be 4·0 per cent. Although it is possible that different results were obtained by analysing samples at different times on account of the lack of uniformity in the methods of sampling and analysis, the marked progressive increase in the barley

content in this case was primarily due to the fact that at that time the free tolerance of barley in the Amritsar market was as high as 6 per cent non-mutual.

The variation in the refraction basis from one centre to another renders the prices prevailing in those markets uncomparable and puts a certain amount of check on inter-trading. It is desirable, therefore, that the basis of refraction as also the other terms and conditions of contract be made uniform in markets throughout India. With this end in view the Central Agricultural Marketing Staff in consultation with the representatives of the grains and oilseeds trade, have drawn up Standard Contracts for white wheat, linseed, groundnuts, and handpicked selected groundnuts (kernels and nuts in shell). These are given in Appendices XVII, XVIII, XIX and XX respectively.

The Standard Contract for Wheat was adopted by the Marwadi Chamber of Commerce in 1939 which largely controls the trading in wheat futures at Bombay, but not by the Grain Merchants' Association which controls the trade in "ready" wheat. The Seed Traders' Association at Bombay adopted the same attitude as the Grain Merchants' Association. The result was that the three associations at Bombay worked on different contract terms. The futures prices were quoted per maund whereas the ready prices were quoted on cwt. basis. Early in 1941, the Marwadi Chamber of Commerce decided to revert to their old unit of weight. There were also some indications that the Grain Merchants' Association would be prepared to accept the Standard Contract if the unit of weight was changed to cwt. A small informal conference of the representatives of these associations was, therefore, arranged at Bombay in February 1941, with a view to bringing about uniformity in their contract terms. The Conference, besides suggesting certain changes in the tolerances and limits of rejection for damaged, slightly damaged and shrivelled grains, recommended that 25 tons may be fixed as an alternative to 500 maunds as the minimum unit of transaction and that the cwt. should also be allowed as an alternative to the maund for price quotation. The amendments suggested at this Conference were circulated to associations, chambers and mills at other centres to ascertain their views. The replies received indicate that the amendments in respect of tolerances, limits of rejection, etc., do not find favour generally but the suggestions for an alternative unit of quotation and the minimum unit of weight for transactions have not been seriously objected to. The Central Agricultural Marketing Department have, therefore, decided that the Standard Contract for wheat may be amended to the extent of including the cwt. as an alternative unit of quotation and 25 tons as an alternative unit of transaction.

The Linseed Contract was also discussed at the informal meeting held at Bombay in February 1941 and the same recommendations with regard to alternative units of transactions and price quotations as have been given above for wheat were made. The Conference further suggested the reduction of cleaning charges from Rs. 3-8-0 to Rs. 3 per 100 bags and also that excess of slightly damaged, touched and discoloured seeds over 1 per cent should be reckoned as 3/16 dirt. These suggestions were circulated to the trade interests concerned and they have accepted the proposed amendments. It has, therefore, been decided to adopt the changes proposed at the Bombay meeting in the case of Linseed Contract.

The Grain Merchants' Association, Bombay, revised their Groundnut Contract with effect from 1940-41 crop. The revised contract differs very slightly from the Standard Contract. With a view to eliminating even these minor points of difference the Groundnuts (kernels for crushing) Contract was also examined by the meeting held in Bombay already referred to above. The meeting agreed upon several minor changes which have been circulated to the various trade interests for eliciting their opinion. The Standard Contract for Handpicked Selected Groundnuts (Kernels and

nuts in shell) has been accepted by the Grain Merchants' Association and the Marwadi Chamber of Commerce, Bombay, and trading from 1941-42 season is expected to be on the basis of the Standard Contract. The shippers in Madras also have adopted the Standard Contract (with the exception of the clause regarding the estimation of moisture) with effect from 1st January, 1942.

It will be clear from what has been stated above that efforts in the direction of voluntary adoption of standard contracts for wheat, linseed and groundnuts have met with limited response and it seems that a statutory backing to the Standard Contracts is necessary to ensure their being adopted by the trade. It may be of some interest to note here that in United States of America the Commodity Exchange Act enjoins that commodities delivered must comply with the United States Standards, when such standards have been promulgated. For instance trading in cotton is prohibited except on the basis of the official grades and standards.

One of the obstacles in the way of the general adoption of these Contracts is the excessive number of produce exchanges in India. For example, the Grain Chamber Limited, Muzaffarnagar, an important 'futures' trading association, had approved of the Standard Wheat Contract but unfortunately owing to the operations of numerous unregistered associations in the surrounding districts, the officials of the Chamber felt that if the Standard Contract terms were to be adopted by their members, a large proportion of the Chamber's trade would be diverted to the unregistered concerns which operated with small units of transaction and in which actual deliveries in settlement of 'futures' transactions were non-existent.

Not only is the number of 'futures' trade associations excessive but there are certain associations which are composed of persons and firms with no financial stability and who are largely unconnected with trade. The East Bengal Jute Association of Calcutta which was incorporated and registered under the Indian Companies Act in 1931 may be quoted as an instance of this type of association. A raid carried by the police on 28th August 1935 resulted in 544 persons being sent up for trial charged with the using of the premises of the Association as a common gambling house. There was an elaborate set of bye-laws and the avowed object of the Association was to conduct a market for the purchase and sale of jute for 'future' delivery. All transactions were supposed to be made on the official printed form of Association, provision being made for the giving and taking of delivery and for the fortnightly payment of margins or differences between the contract rate and the published market rate on the day of settlement. In actual fact, however, at the time of the raid not a single contract form completed or blank was found on the premises of the Association. The prosecution also showed that among the traders registered in the exchange was a film artist, an insurance agent, a grocer, a professional photographer, a proof reader, and persons without any occupation. Examination of the books of a large number of dealers showed serious irregularities to have been committed such as the issue of bogus delivery orders. The prosecution resulted in all of the accused persons being found guilty and sentenced to pay fines or in default undergo rigorous imprisonment.

It seems desirable, therefore, that the number of produce exchanges in India should be restricted to a reasonable number, and there should be some sort of control over the formation of new associations. Such associations should be properly constituted so as to ensure financial stability and should be non-profit sharing. Before a 'futures' trading association is registered, some appropriate authority should satisfy itself that the market concerned is one in which actual goods are handled in sufficient volume.

(9) Bucket shops.

Trading on the 'futures' exchanges is generally confined to their members. Non-members can, however, transact business through the members of the exchange by paying certain amount of commission in addition to the charges levied by the exchange from its members. These outside members have also to deposit margin money with their commission agents. In this manner business by traders in a market, which has no facilities for 'future' trading, may be conducted in distant markets having organised produce exchanges, through the medium of commission agents and other intermediaries.

Some of these firms are mere "bucket shops". This term originated in the United States in Chicago and broadly speaking has reference to those establishments where smaller units can be dealt in, in contradistinction to those made on an organised exchange or 'futures' trading association. During the survey on the marketing of wheat, for instance, the branch of one of these establishments with headquarters at Rawalpindi was found to be operating in the small town of Mardan in the North-West Frontier Province. The branch office consisted of one small room with a table and three chairs. A telephone and a single book of contract forms in triplicate were the only other visible items of equipment. Orders to buy and sell wheat, barley, etc., were being received from all classes of persons by personal calls and these were telephoned to Rawalpindi at intervals when a sufficient number had accumulated. Rawalpindi which itself is a centre of little importance as far as the trade in agricultural produce is concerned had no 'futures' market. What happened beyond Rawalpindi could not be ascertained but the information was reluctantly vouchsafed that Rawalpindi branch was in telephonic communication with Amritsar (the most important 'futures' market in the Punjab) where orders given by the local speculators were supposed to be put through.

Some of these firms admittedly have working arrangements with actual members of 'future' trading associations through whom they are able to conduct such business as they may wish to cover on a proper 'futures' market. Others, probably the majority, merely take their client's orders, with or without deposits depending upon the relations existing between the parties involved in much the same way as a bookmaker deals with bets. Purchases and sales are generally offset in the books of the firms and few transactions, if any, are passed on to a recognised 'futures' association. No deliveries of actual goods are of course contemplated as the vast majority of persons patronising these bucket shops are only interested in price differences. The position in Bombay city, where there are, it is reported, some 200 establishments of this kind, is somewhat curious. These firms operate under the *pakki adat* system of transactions. the principles of law underlying which, according to the usage of Bombay, entitle the commission agent, among other things, (*i*) to substitute his own contract in fulfilment of an order from his upcountry customer so as to constitute himself the buyer or the seller as the case may be in respect of the order and (*ii*) to offset against the sale order of one customer an order to purchase received from another. These terms and conditions which have the sanction of many precedents established in the courts of law at Bombay epitomise the bucket shop principle. It is hardly surprising, therefore, that Bombay is probably the largest single market in India catering for this type of business.

The clients of the commission agents are generally required to deposit margin money with them. Under existing conditions the handling by commission agents and brokers of constituents' margin money is left entirely at the discretion of the former and the procedure varies with each firm. Under the circumstances, serious risks are incurred by depositors of margin money. From time to time cases occur of concerns collecting

margins or orders for 'futures' business and then shutting up their shop and disappearing altogether. In order, therefore, to safeguard the interests of operators on the 'futures' markets margin moneys should be deposited by commission agents and brokers with approved banks or with a clearing house organization of a registered 'futures' association, where clearing house facilities exist. Such margin moneys should not be mixed up with the funds of the commission agent or broker and should not be used to margin or guarantee or to extend credit to any person other than the one for whom the money is held.

It is desirable that the *bona fide* 'futures' commission agents and brokers handling 'futures' business should be licensed. It should also be made obligatory for all orders for 'futures' business to be placed on a registered 'futures' market. Commission agents and brokers should not be allowed to keep such orders on their own books or to set one client's transaction against another.

H.—Volume of trade and the extent to which produce is actually delivered in settlement of 'futures' contracts.

In the case of exchanges which derive their main revenue from a registration fee per contract or a commission based upon the value of the commodity, as is the practice with most of the upcountry associations, each transaction is recorded. On the other hand, the associations (as for example those at Karachi, Bombay, and Calcutta) which charge a fee on delivery orders only, individual contracts are not recorded. In the case of the former class of associations, it is possible to ascertain the volume of trading precisely while in the latter case no exact idea of their turnover can be made.

Detailed figures obtained from 24 associations regarding the extent of their 'futures' trading in wheat show that in 1935-36 nearly 20 million tons of the commodity were bought and sold by their members. Having regard to the number of associations actually functioning throughout the country, it was estimated that the probable volume of 'futures' trading in wheat during the course of an average year was about 60 million tons. If the operations of unregistered concerns be taken into account, this figure may well attain or even exceed 70 million tons. Reckoning the average Indian crop as being about 10 million tons, it will be seen that the amount of wheat traded in the 'futures' markets is six to seven times greater than the total Indian production. Similarly in the case of linseed, the volume of 'futures' trading has been estimated at between 1 and 2 million tons in normal times which is two to four times greater than the size of the total Indian crop.

The figures given above show that the volume of 'futures' trading is much more than the total production of the commodities concerned. Naturally, therefore, it is not possible to liquidate all the 'futures' transactions by actual deliveries of produce. The great majority of 'futures' contracts are offset or liquidated by the purchase or sale, as the case may be, of 'futures' transactions of opposite nature for identical quantities before the actual date of their maturity. Thus on most exchanges and for practically all the months for which 'futures' trading is done, only an insignificant number of transactions remain to be settled by means of actual delivery. For instance, in the case of wheat, the actual quantity delivered in settlement of 'futures' contracts at 20 associations in 1934-35 was 145,360 tons which equals about 0·33 per cent of the total volume of 'futures' trading on those exchanges. The proportions in individual cases ranged from about 0·10 per cent. to 4·28 per cent. Similarly, in the case of linseed, actual deliveries form an infinitesimal proportion of the total volume of 'futures' transactions.

I.—*Teji-mandi* or "put and call" options.

In addition to the normal trade in 'futures' contracts an enormous business is done in India in "options" or, as they are called *teji-mandi*. Law court records show that business in *teji-mandi* options has been carried on in this country for a pretty long time.

Some of the commodities in which "option" transactions are very common are cotton, wheat and linseed and probably the largest volume of option business in India is done at Bombay, in the cotton market. It is interesting to observe that option business is not much in vogue in the jute market in Calcutta.

Options are of three kinds, (*i*) "put", *mandi*, (*ii*) "call", *i.e.*, *teji*, *and* (*iii*) "put and call" or double options, *i.e.*, *teji-mandi*. The first two are called single options. Briefly, a "put" or *mandi* is an option to sell a certain commodity at a specified future date and at a specified price, while the "call" or *teji* option is the converse of it and confers upon the operator the right to buy at a given future date and price. The two options may be combined and are then known as "put and call" or *teji-mandi*.

The buyer of an option has to pay some money to secure an option to buy or sell during a specified period a specified quantity of produce at the current rate. This money is commonly known as *Nazrana* or "premium". The party which takes the premium is known as the "eater" (*khanewalá* or *khunar*) and the party which pays the premium is known as the "applier" (*laganewala or lagandar*). The buyer of a *teji* option is a "bull" *i.e.*, he believes that the prices are likely to rise. If he finds that the price has not risen, he does not demand delivery of the produce purchased by him and forgoes the consideration money paid by him. The buyer of a *mandi* option, on the other hand, is a "bear", *i.e.*, a person who expects the price to fall. If he finds that the prices have not gone down, he keeps quiet and allows the premium paid by him to be forfeited. The buyer of a *teji-mandi* option secures the right to buy or sell as it suits him. The buyer of a double option is both a "bull" and a "bear". In other words, he expects the market to fluctuate appreciably. The following are simple examples of the three kinds of transactions:

(*a*) *Teji or "call" options.*—A pays to B Rs. 10 for the right to declare himself a buyer of a specified quantity of certain produce by a specified date at a price of say Rs. 100. During the currency of the transaction, the market rises say to Rs. 103. A then declares that he will buy at the agreed price of Rs. 100. Thereupon B must either give delivery to A at Rs. 100 or pay him Rs. 3 the difference between the ruling market rate and the agreed price. Since A has already paid B Rs. 10 as premium, A's net loss is Rs. 7. Should the market rise say to Rs. 120. A would make a net profit of Rs. 10 after deducting the premium which he had already paid to B. If the market remains stationary at Rs. 100 or falls below that figure A does not exercise his option to buy and loses his premium.

(*b*) *Mandi or "put" options.*—A pays to B Rs. 10 for the right to declare himself a seller by a specified date at a specified price of say Rs. 100. Suppose the market falls to Rs. 95. A decides to exercise his option to sell at the agreed price of Rs. 100. B has either to take delivery at Rs. 100 or pay the difference between Rs. 100 and the ruling market rate of Rs. 95. A thus loses Rs. 5 since he has already paid B a premium of Rs. 10. In the event of the market remaining stationary at Rs. 100 or rising above that figure, A loses the whole of his premium. If on the other hand, the market falls to Rs. 85, A is a gainer to the extent of Rs. 5

net, *i.e.*, the difference between Rs. 100 and the ruling market rate of Rs. 85 *minus* the premium of Rs. 10 paid by him.

(d) Teji-mandi or double options.—These options are merely a combination of the two single options and work in the same way. In this case A pays the premium for the right to declare himself either a seller or a buyer, as may best suit him. Assuming A has paid B Rs. 20 as "premium" on the basis of an agreed price of say Rs. 100; if the market rises to Rs. 105 A by declaring himself a buyer recovers Rs. 5 out of the premium paid by him to B and thus reduces his loss to Rs. 15. If the market rises to Rs. 125 he gains Rs. 5 over the premium paid by him by exercising his option to buy. Similarly if the market declines to Rs. 85, A by declaring himself a seller recovers Rs. 15 and reduces his loss to Rs. 5. A thus makes a profit when the price rises above 120 or falls below Rs. 80. But if the market falls to Rs. 75 A by declaring himself a seller gains Rs. 5 over the premium paid by him.

The amount of consideration money or "premium" paid by the buyer of an option to its seller depends upon the extent of risk involved to the latter. Consequently when the market is stable the amount of premium payable by the buyer is smaller than when it is fluctuating. Similarly the risk involved to the seller is greater when the period for exercising the option is longer. The premium paid is, therefore, more in the case of long term options than in the case of short term options. The premium for a double option is usually the total of the premiums for "put" and "call" options.

The periods for which short and long dated options run vary considerably. In the case of the former, the period may be only a few hours, 3 days or a week or indeed any period agreed upon by the purchaser and the seller. A typical short term option is that known as *kal ka* or tomorrow's option. Such transactions are accepted by option dealers immediately after the morning opening of the local 'futures' market and mature on the following day, 15 minutes before the official closing time of the local exchange. Three-day options are also common in certain markets. This kind of short-dated option bears no relation to and has no connection with the recognised delivery months for 'futures' contracts. Such transactions are generally verbal and it is probably true to say that in the majority of markets, and for all commodities, written contracts are not passed in respect thereof. In the Bombay cotton market the monthly option is generally regarded as a short dated option. The long term options open when the Broach April-May and July-August hedge contracts open and mature on 24th March and 24th June respectively.

When *teji or mandi* options are declared on monthly or long-dated options, including options covering a period corresponding to a contract month of a 'futures' trade association, such transactions are converted either into a proper 'futures' or delivery contract at the desire of the purchaser. In the former instance, the contract is usually settled and the purchaser "cashes in" on the difference falling due to him. If, on the other hand, the commodity was actually required, the purchaser would ask for a *pucca* contract on which actual goods could be delivered or received as the case may be.

As the risk of loss due to market fluctuations is limited, small and in many cases irresponsible operators, including traders and the general public, often take part in short-dated *teji-mandi* transactions. The delivery of produce is usually not contemplated and no goods appear to change hands as a result of short-dated *teji-mandi* transactions. As such, excessively short term *teji-mandi* transactions appear to be used merely for gambling and serve no useful purpose. On the other hand, properly controlled and long-dated *teji-mandi* transactions may provide certain facilities to the genuine operator in covering his risks.

J.—Excessive speculation and divergencies between ready and 'futures' prices at settlement dates.

The difference between the highest and the lowest quotations on the "futures" market on the same day is normally small but under abnormal circumstances, violent fluctuations take place within the course of a day. For instance, during the "weather months" or when there are other disturbing factors, *e.g.*, the strained international political atmosphere or the outbreak of War, speculators become very active. In the case of cotton, for instance, the difference between the highest and the lowest quotations for Broach April-May, 1940, futures rose from Rs. 2-2-0 per candy on 31st August 1939, to Rs. 2-10-0 on September 1st, and after the declaration of War it went up still further to Rs. 6 on the 2nd and Rs. 15 on the 4th September, 1939. Fluctuations are sometimes even greater. For example on the 24th November, 1939, prices fluctuated by as much as Rs. 25-8-0 per candy (784 lb.). Jute prices are known to have fluctuated by as much as Rs. 13 per bale in one day alone. In regard to wheat, fluctuations of 5 to 6 annas per maund in a day have sometimes been experienced. In the case of linseed the variations have been even greater. These violent fluctuations are due to excessive speculation both on the 'futures' exchanges as well as in *teji-mandi* transactions. The effect of *teji-mandi* dealings on the fluctuations in prices may be illustrated by the following instance. In August, 1939, the average daily fluctuation in the cotton market at Bombay was only Rs. 1-12-0 per candy. After War was declared, the average fluctuation per day rose to Rs. 6-15-0 per candy. Restrictions were imposed on *teji-mandi* dealings by an Ordinance issued by the Bombay Government on 22nd September, 1939. The market became more stable and the average fluctuation dropped to Rs. 3-15-0 per candy. With the lapsing of Ordinance early in November 1939, daily ups and downs developed greater intensity and rose to as much as Rs. 17-6-0 per candy.

Such fluctuations, besides involving some speculators in serious financial obligations and consequently resulting in defaults, are likely to be detrimental to the interests of the growers also. Most of the consumers and shipper buyers of actual goods withdraw from the market when fluctuations are violent, and to that extent the producer's interests are liable to be adversely affected, as his market tends to contract at such times.

Excessive speculation not only brings about large daily fluctuations in "futures" prices, but also tends to create wide divergencies between ready and "futures" prices, particularly at settlement dates. This makes it impossible for buyers and sellers of the actual goods to use the "futures" market for hedging purposes. Where the system of delivery month is defective and the tenderable qualities limited, the effects of such speculations can be serious. An example of this may be seen in the jute market at Calcutta. The daily prices of jute (*pucca* bales) and *fatka* (futures) ruling at Calcutta during the period of June, 1939 contract, (6th April to 16th June 1939) showed that ready and futures prices moved with some degree of sympathy for the greater part of the period. From the beginning of June, however, the relationship became irregular. The ready prices, *i.e.*, the prices of actual jute fell steeply, rose violently and finally closed on a downward trend. Meanwhile the 'futures' prices rose and on the whole followed an exactly opposite course to the ready prices, with the result that, whereas ready and 'futures' prices should in the normal course always tend to narrow down as the settlement date approaches and, eventually meet on the last day of the delivery month, the reverse was the case during that period, indicating quite clearly the existence of something radically wrong in the working of the jute 'futures' market.

If the unhealthy conditions which at present prevail in the commodity markets generally are to be remedied, it seems desirable that their working should be subjected to some sort of legislative control. At present

local legislation exists only in Bombay where the Bombay Cotton Contracts Act (Act IV of 1932) is in existence. This is the only statutory measure of its kind in India. It provides for the recognition of the cotton associations under certain conditions, but does not make it obligatory for all such associations to apply for recognition. The Act specifically declares the East India Cotton Association a recognised association. Its provisions govern the working of that institution only. There are, however, other associations also which deal in cotton but are not recognised. The operations of such unrecognised bodies are not subject to the control of Government and since the Act (*a*) merely makes void any contract entered into which is not in accordance with the bye-laws of any recognised cotton association and (*b*) disallows in a court of law any claim for the recovery of commission, brokerage, fee, etc., it has, on account of the absence of any penalty, proved ineffective in controlling cotton transactions.

It may be pointed out here that legislation for the control of futures trading exists in some of the foreign countries. In the United States of America, for instance, there is a Commodity Exchange Act which is administered by a Commodity Exchange Commission consisting of (*i*) the Secretary for Agriculture, (*ii*) the Secretary for Commerce, and (*iii*) the Attorney-General. The Commodity Exchange Administration is under the United States Department of Agriculture. In Canada, 'futures' trading in Winnipeg is supervised by an officer under the Board of Grain Commissioners.

CHAPTER V.—LEGISLATION AND REGULATION ESTABLISHING REGULATED MARKETS.

A.—General.

The main defects in the existing system of marketing agricultural produce in the wholesale markets in India have been brought out in Part B of Chapter III. Most of these can be remedied by exercising proper control over these markets; in other words, by establishing regulated markets.

Markets may be regulated in two ways—either under bye-laws framed under the Municipal Act and District Boards Act or by *ad hoc* legislation. The comparative merits of the two systems of regulation were discussed by the Royal Commission on Agriculture in India which ultimately recommended that regulated markets should be established only under provincial legislation. At the time the Commission reported, such a special law existed only in Berar, where regulated markets had been established under the provisions of the Cotton and Grain Markets Law, 1897. A bill for the regulation of cotton markets was then under consideration in Bombay and later the bill became law as the Bombay Cotton Markets Act, 1927. Since then, both the above Acts have been repealed and substituted by the Central Provinces Cotton Market Act, 1932 (IX of 1932) in respect of cotton, the Central Provinces Agricultural Produce Market Act, 1935 (XXIX of 1935), as applied to Berar and as amended by Act No. VII of 1937, in respect of other agricultural produce, and the Bombay Agricultural Produce Markets Act (No. XXII) of 1939 in respect of all agricultural produce. Similar Acts have been passed in Madras, the Punjab, the North-West Frontier Province and Sind and in Hyderabad, Baroda and Mysore. Draft bills for the regulation of markets in Assam, Orissa and Ajmer-Merwara are under the consideration of the authorities concerned. In Bihar and the United Provinces, the bills have been postponed for the present. In Bengal, a revised Markets Regulation Bill has been approved by the Legislative Assembly and is soon expected to be taken into consideration by the Legislative Council.

B.—Summary of statutory provisions.

In order to give an idea about the statutory provisions in the various Acts (nine in all) a summary of their important sections is given below indicating the points of difference wherever they occur.

(1) Object.

The main object of the various Acts is to provide for the better regulation of the purchase and sale of agricultural produce and the establishment of markets for that purpose. The Madras Act limits the application of the various provisions to "commercial crops" only, whereas the Central Provinces Agricultural Produce Market Act of 1935, as amended by Act VII of 1937, is applicable to the sale and purchase of agricultural produce other than cotton, the latter being covered by the Central Provinces Cotton Market Act of 1932. The other Acts are applicable to "agricultural produce" as defined in each Act.

(2) Definitions.

(*a*) *Agricultural produce.*—The term "agricultural produce" has been variously defined in the different Acts. The Sind, Bombay and the Punjab Acts restrict the application of the provisions to the commodities mentioned in the respective Acts. New commodities can, however, be added and any of the existing ones removed by fresh notification. In the Madras Act, the term "commercial crop" (to which alone the provisions are applicable) means cotton, groundnut or tobacco. The Central Provinces Act does not specifically define "agricultural produce" except that it shall not include cotton. The definition of "agricultural produce" in the North-West Frontier Province Act is more definite and comprehensive and includes all produce of agriculture or horticulture, animals and their hides, skins and wools and any article of food or drink wholly or partially manufactured from agricultural produce. In the Hyderabad Act, "agricultural produce" means any produce of land which is declared as such by the Government by notification, excluding cotton which is defined separately to include ginned cotton, unginned cotton and cotton waste. The Baroda Act also defines "agricultural produce" as any produce of land, declared as such from time to time by a notification. The definition in the Mysore Act is comprehensive like the one given in the North-West Frontier Province Act.

(*b*) *Grower, agriculturist or producer.*—The Madras, Punjab, North-West Frontier Province, Sind and Baroda Acts use the word "grower", the Bombay and the Central Provinces legislations have adopted the word "agriculturist", while the Mysore Act speaks of the "producer". In all the Acts, the trader or broker is excluded, even though he may be engaged in the production of such produce. The Punjab Act further excludes persons who may be otherwise engaged in the business of disposal or storage of agricultural produce. The Sind Act excludes only such trader or broker-producer as acts as a dealer or broker in the same market area in which he is a grower. The Bombay, Punjab and Sind Acts provide that production of the agricultural produce may be done either by the grower, agriculturist or producer himself or through tenants or otherwise.

(3) Notification of intention of exercising control over purchase and sale of agricultural produce in a specified area.

It has been laid down in the various Acts referred to above that the intention of exercising control over the purchase and sale of agricultural produce shall be notified by the respective Governments in such areas as may be specified. In most of the Acts, there are provisions either for receiving objections or suggestions within a specified period of the notification, or for consulting the trade and/or local authorities before the notification is actually issued.

(4) Declaration of market areas.

After the notification referred to in the previous paragraph has been finally issued, the Acts in Madras, Bombay, the Punjab and Sind provide that the Government may declare the area concerned or any portion thereof, to be a "notified market area" in respect of the agricultural produce notified or any part thereof. The Central Provinces, North-West Frontier Province, Baroda, Hyderabad and Mysore Acts, on the other hand, provide for simultaneous notification and declaration. In most of the Acts, no person is permitted to set up, establish, continue or allow to be set up, established or continued any place for the purchase or sale of any agricultural produce so notified except under a licence granted in accordance with the provisions of the respective Acts, Rules and bye-laws.

The Madras, Bombay and Sind Acts provide that if the seller is himself the producer of the produce or is his *bonâ fide* agent and/or the buyer purchases it for his own private use (from a retail dealer in the case of Sind), the place will not be deemed to be governed by the provisions of the respective Acts. The Central Provinces, Baroda and Mysore Acts state that a person shall not be deemed to set up, establish or continue or allow to be set up, established or continued a place as a market for the purpose of the purchase and sale of agricultural produce if he sells such produce belonging to him outside the premises set apart by a market committee for the purpose of purchase and sale of agricultural produce. The North-West Frontier Province Act places these restrictions on the purchase and sale of agricultural produce within the notified area on a "commercial scale" only.

(5) Cancellation of licences.

All the Acts state the conditions under which a licence may be suspended or cancelled. The power is vested either in the Director of Rural Development, or in the Collector of the district, or in the Market Committee or in an officer appointed by the local Government in this behalf. Usually licensees are given an opportunity to "show cause" before a licence is actually suspended or cancelled.

(6) Establishment of market committees.

For every market area notified under the Acts, a market committee is required to be set up with a view to enforcing the provisions of the respective Acts and the Rules and bye-laws.

The constitution of the market committees has been laid down in each Act, and a summary is given in the table on the next page.

Constitution of market committees in various provinces and States in India.

Province or State. (1)	Total number of members. (2)	Representatives of			Nominated or appointed by the Government. (6)
		Growers. (3)	Traders. (4)	Local bodies. (5)	
Provinces.	Min. Max.				
Madras . .	Not exceeding 12	Such number as the Provincial Government may determine; (elected).			Not to exceed the number of elected members.
Central Provinces.	10 16	Not less than one-half; (elected).	Total number *less* the total of columns 3, 5 and 6; (elected).	2 (elected) . .	1
Bombay . .	12 15	Not less than one-third; (elected).	Not less than one-third; (elected).	1 (elected) . .	Remaining members.*
Punjab . .	9 or 16				
	(*a*) When 9	5	3	..	1
	(*b*) When 16	9	6	..	1
North-West Frontier Province.	10 16	Not less than one-half; (elected).	Total number *less* the total of columns 3, 5 and 6; (elected).	2 (elected) . .	1
Sind . .	9 15	One-third; (elected) .	One-third; (elected) .	1 (elected) . .	Remaining members.*
States.					
Hyderabad .	8 16	Not less than one-half; (elected by or nominated from amongst the growers).	Not less than one-fourth; (elected).	..	Remaining members.
Baroda . .	9 15	Not less than one-half; (elected).	Not more than one-fourth; (elected).	..	Remaining members shall be elected partly by the District local Board and Co-operative Societies and partly nominated by the *Sarsuba* with the sanction of the Government in such proportion as may be prescribed for each market.
Mysore . .	12 16	Not less than one-half; (elected by or nominated from amongst the growers).	Total number *less* the total of columns 3, 5 and 6; (elected).	2 (elected) . .	1

*When the number of nominated members is reduced, representatives in columns 3 and 4 to be increased in equal proportion.

It will be seen from the foregoing table that the minimum number of members for a market committee is not specified at all in the Madras Act, while it varies from 8 in Hyderabad to 12 in Bombay and Mysore. The maximum number varies from 12 in Madras to 16 in the Central Provinces, the Punjab, the North-West Frontier Province, Hyderabad and Mysore.

The Madras Act does not lay down the number of representatives of growers, traders and local bodies but leaves it to the discretion of the Provincial Government, with the proviso that the number of members appointed by the Government shall not exceed the number of elected members. In the Sind Act, the representation of growers on the committee is one-third of the total number, whereas the Bombay Act lays down that the representation of growers shall not be less than one-third. The Central Provinces, North-West Frontier Province, Hyderabad, Baroda and Mysore Acts give more weight to growers and stipulate that the number of their representatives shall not be less than one-half of the total number of members of the committee. The Punjab Act provides that the number of members of a committee may be either 9 or 16. In the former case growers will have 5 members and in the latter case 9.

The number of representatives of traders is fixed at one-third in the Sind Act, while the Bombay Act provides that it should not be less than one-third. In the Punjab, the number of members representing traders should be 3 in a committee of 9 and 6 in a committee of 16 members. In Baroda, the limit has been placed at not more than one-fourth, while in Hyderabad, the number should not be less than one-fourth of the total. In the Central Provinces, the North-West Frontier Province and Mysore, the number of representatives of traders is that which is left over after provision has been made for the representation of other interests.

The representation of local bodies and the number of members nominated or appointed by the Government have also been indicated in the foregoing table. It will be noticed that in Baroda, a provision has been made for the representation of the co-operative societies also.

The actual constitution of some market committees is given in Appendix XXI.

As regards the manner of filling the vacancies, the Madras, Central Provinces, Bombay, North-West Frontier Province, Sind and Baroda Acts provide that representation of the various interests (excluding members nominated or appointed by the Government) shall be made by election from amongst the interests concerned. The Madras, Bombay and Sind Acts, however, provide that when a market committee is constituted for the first time, all the members of the market committee shall be persons nominated or appointed by the respective Governments. In Hyderabad and Mysore, representatives of growers may be either elected or nominated, whereas those of traders and local bodies must be elected by the interests concerned. In the Punjab, growers and traders are required to submit a panel of names of their respective representatives equal to twice the number of vacancies to be filled, and the Government selects the required number of members out of the names submitted.

The period for which a market committee shall hold office from the date of its constitution is three years in Madras, the Punjab and Sind. The Bombay Act provides that when a market committee is constituted for the first time, it shall hold office for a term of two years and, subsequently, for a term of three years. In Madras, the term of office of the first committee appointed by the Government is fixed at one year which may, if necessary, be extended up to a further period of one year. The Central Provinces, Hyderabad, Baroda and Mysore Acts have relegated this question of term of office of the members to the rules that may be framed under the respective Acts.

(7) INCORPORATION OF MARKET COMMITTEES.

Every market committee is a body corporate by such name as is specified in the notification establishing it and has perpetual succession and a common seal. It may sue and be sued in its corporate name and is competent to acquire and hold property, both movable and immovable, to lease or sell or otherwise transfer any movable or immovable property which may have become vested in or been acquired by it and to contract and to do all other things necessary for purposes for which it is established. The Sind, the Central Provinces and the Punjab Acts, however, impose certain restrictions on these rights and duties.

(8) SUB-COMMITTEES AND JOINT COMMITTEES AND DELEGATION OF POWER.

A market committee may appoint from amongst its members a sub-committee for the conduct of any work and the performance of any of its duties and functions and may delegate to it or to one or more members of it, such of its own powers as it may deem fit.

(9) APPOINTMENTS AND SALARIES OF OFFICERS AND SERVANTS OF MARKET COMMITTEES.

Subject to such rules as may be made by the Government in this behalf, a market committee may employ such officers and servants as may be necessary for the management of the market and pay them such salaries, allowances, gratuities, etc., as it may think fit or necessary. The Committee generally has the power to control and punish these officers and servants as well.

(10) EXECUTION OF CONTRACTS.

Every contract entered into by a market committee is to be written and signed on behalf of the market committee by its Chairman (and in the Punjab, by the Vice-Chairman, if for any reason the Chairman is unable to act) and two other members of the committee.

(11) LEVY OF FEES.

All the Acts and Rules provide that the market committee may, subject to such rules as may be made by the Provincial Government in this behalf, and subject to such maxima as may be prescribed, levy fees on the agricultural produce bought and sold within the market area. The Madras Act further permits the levying of a subscription for collecting and disseminating information relating to crop statistics or marketing.

(12) MARKET COMMITTEE FUND.

All moneys received by a market committee are paid into a fund called the "Market Committee Fund" (in the Central Provinces it is known as the "Market Fund"). All expenses incurred by the market committee under or for the purpose of the Act are defrayed out of these funds. The main purposes for which this fund may be expended are summarised below:

(*a*) the maintenance and improvement of the market;

(*b*) the construction and repair of buildings, shelters, parking accommodation, etc., which are necessary for the purposes of such market and for the health, convenience and safety of the persons using it;

(*c*) the pay, allowances, gratuities, etc., of the officers and servants employed by the market committee;

(*d*) the expenditure on the acquisition of a site or sites for a market, as specifically stated in the Madras, Bombay, Punjab, North-West Frontier Province and Mysore Acts;

(*e*) the provision and maintenance of standard weights and measures according to the Madras, Bombay, Punjab, North-West Frontier Province, Sind and Mysore Acts;

(*f*) schemes for the extension or the cultural improvement of the commercial crop or crops concerned within the notified area;

(*g*) the construction, repair and maintenance of means of communications which are useful for purposes of development of a market or for the convenience and safety of the persons using it.

(13) Power to borrow.

In most of the provinces and States, the market committee may, with the previous sanction of the Government, raise money required for carrying out the purposes for which it is established, on the security of any property vested in or belonging to the market committee and of any fees leviable by the market committee under the Act. The market committee may also for the purpose of meeting the initial expenditure on lands, buildings and equipment required for establishing the market, obtain a loan from the Government on such conditions and subject to such rules as may be prescribed.

(14) Trade allowances.

The various Acts prohibit the making or recovering of any trade allowance other than an allowance prescribed in the rules and bye-laws made under the Act in respect of the agricultural produce concerned. They also provide that no civil court shall in any suit or proceeding arising out of any such transaction in any such market have regard to, or recognise, any trade allowance not so prescribed. Every deduction, other than deductions on account of deviation from sample (when the purchase is made by a reference to the sample) or on account of deviation from standard (when the purchase is made by reference to a known standard) or on account of difference between the actual weight of the sacking or container and the standard weight thereof or on account of admixture of foreign matter, is regarded as an illegal trade allowance.

(15) Suppression of market committees and removal of members.

All the nine Acts discussed above provide that if in the opinion of the Government (*Sarsuba* in Baroda), a market committee is unable to perform, or persistently makes default in the performance of duties, or exceeds or abuses its powers, Government (in Baroda, the *Sarsuba* with the previous sanction of Government) may suppress or dissolve such committee after giving a reasonable opportunity to it for showing cause against the proposal. After this, Government may, at its discretion, either constitute a new committee (according to the provisions of the Act) or appoint such other authority for the carrying out of the functions of the committee as it thinks fit.

Besides the suppression or dissolution of market committees the Bombay, Punjab and Sind Acts have also made provisions for the removal of individual members of market committees from office under certain conditions.

(16) Power to make rules.

The Government may either generally or specially in any market area or areas make rules consistent with the Act for carrying out all or any of the purposes thereof. A particular specific mention of some of the purposes for which rules may be framed has been made in the various Acts.

(17) Bye-laws.

Most of the Acts provide that, subject to any rules made by the Government, the market committee may in respect of the market under its management make bye-laws for:

(*a*) the regulation of business,

(*b*) the conditions of trading,

(*c*) the appointment and punishment of its officers and servants,

(*d*) the payment of salaries, gratuities, allowances and contribution to any provident fund which may be established for the benefit of such employees,

(*e*) the delegation of powers, duties and functions to the sub-committees, if any appointed.

(18) Penalties.

The penalties on conviction, prescribed under the various Acts, for the breach of the Act and the rules and the bye-laws made thereunder are given in the table on the next page.

Penalties prescribed for the breach of the Act, rules and bye-laws made thereunder.

Province or State.	For setting up, establishing or continuing or allowing to be set up, established or continued any place for the purchase or sale of any agricultural produce notified in the declared market area.	For contravention* of any rules made under the Act or any of the conditions of any licence issued or renewed thereunder.	For contravention* of any bye-law made under the Act.	For making or recovering trade allowance other than an allowance prescribed by rules or bye-laws.	Miscellaneous
(1)	(2)	(3)	(4)	(5)	(6)
Provinces.					
Madras . .	Up to Rs. 500 and in the case of a continuing contravention a further fine up to Rs. 100 for every day during which the contravention is continued after conviction therefor.	Up to Rs. 200 . .	Up to Rs. 50.	. .	
Central Provinces	Up to Rs. 500 and in the case of a continuing contravention additional fine up to Rs. 100 for each day after the first during which the contravention continues.	Up to Rs. 500 .	Up to Rs. 50.	Up to Rs. 50 .	
Bombay . .	Up to Rs. 500 and for continued contravention a further fine up to Rs. 100 for every day during which the contravention is continued after first conviction.	Up to Rs. 200 .	Up to Rs. 50 .	Up to Rs. 200 .	
Punjab . .	Up to Rs. 500 and in the case of continued contravention a further fine up to Rs. 30 for every day after the date of first conviction during which the contravention is continued.	Up to Rs. 500 .	Up to Rs. 50.	Up to Rs. 100 .	If any broker, weighman, measurer, surveyor or warehouseman carries on his occupation in a notified market area in respect of the agricultural produce concerned without a licence he shall on conviction be liable to be fined up to Rs. 50 and in the case of a continuing contravention an additional fine of Rs. 2 for every day after the date of first conviction during which the contravention is continued.

North-West Frontier Province.	Up to Rs. 500 and in the case of a continuing contravention additional fine up to Rs. 100 for each day after the first during which the contravention continues.	Up to Rs. 200 .	Up to Rs. 50.	..	
Sind . .	Up to Rs. 300 and in the case of a continuing contravention additional fine up to Rs. 50 per day after the date of first conviction during which the contravention is continued.	Up to Rs. 200 .	Up to Rs. 50.	Up to Rs 200 .	
States.					
Hyderabad .	Up to Rs. 500 and in the case of a continuing contravention additional fine up to Rs. 100 for each day after the first during which the contravention continues.	Up to Rs. 500 .	Up to Rs. 50.	..	If any broker, weighman, measurer, surveyor or warehouseman carries on his occupation in a notified market area in respect of the agricultural produce concerned without a licence, he shall on conviction be liable to be fined up to Rs. 50 and should the offence be repeated to Rs. 100 for each day.
Baroda . .	Up to Rs. 500 and in the case of a continuing contravention additional fine up to Rs. 100 for each day after the first during which the contravention continues.	Up to Rs. 500 .	Up to Rs. 50.	As in column 2 .	
Mysore . .	Up to Rs. 500 and in the case of a continuing contravention additional fine up to Rs. 100 for each day after the first during which the contravention continues.	Up to Rs. 500 .	Up to Rs. 50.	..	

* Subject to whatever fine is prescribed in any particular rule or bye-law.

(19) TRIAL OF OFFENCES.

The Acts under consideration provide that—

(*a*) no offence made punishable by the respective Acts or any rules and bye-laws made under them shall be tried by a court inferior to that of a Magistrate of the First Class (or, as in Bombay, also by a Magistrate of the Second Class especially empowered in this behalf).

(*b*) prosecutions under the respective Acts may be instituted by any person duly authorised by a market committee in this behalf (or, as in Mysore and Hyderabad, also by some officer designated by the Government in this behalf).

The Madras, Punjab and Sind Acts provide that all fines received from an offender shall be credited to the provincial revenues and a grant equivalent to such fines shall be paid to the market committee concerned. The North-West Frontier Province, Baroda, Hyderabad and Mysore Acts provide that all fines recovered shall be paid to the market committee, while the Central Provinces and Bombay Acts are silent on this point.

C.—Working of regulated markets in different provinces and States.

It is only in Madras, the Central Provinces, Bombay, Hyderabad and Gwalior that regulated markets have functioned for periods sufficient enough to enable us to make some estimate of their working. The position in respect of each of the above provinces and States is discussed below.

(1) MADRAS.

The Madras Commercial Crops Act of 1933 and its later amendments provide for the better regulation of the buying and selling of cotton, groundnut or tobacco. The places where market yards have been opened by the market committees in respect of these commodities under the Act are given in Appendix XXII.

(*a*) *Regulated markets for cotton.*—The Act was first applied in January, 1936, to the Tiruppur market municipal area which is the biggest cotton market in the province. Since then the application of the Act has been extended to two more cotton markets. The Tiruppur market has been experiencing some difficulty in its proper working, whereas the other two have started functioning more satisfactorily mainly on account of better co-operation received from all concerned. For instance, the report on the working of the Adoni cotton market for the year 1940-41 states that "all the constituents of the cotton trade responded satisfactorily to the Committee's efforts for regulating and systematising cotton trade in the Adoni cotton market. Though in the beginning the Committee's interference was resented by vested interests, the difficulty was got over by the Committee by constant propaganda".

The working of the regulated cotton market, Tiruppur, is given below in some detail:

Tiruppur market.—The Market Committee works through the following Sub-Committees.

(*i*) Executive Sub-Committee which is responsible for the collection and dissemination of market news, and the preparation of annual budgets and estimates for repairs or construction of premises.

(*ii*) Disputes Sub-Committee which supervises the arrangements for arbitration. A panel of not less than 12 but not more than 24 persons is appointed by the Disputes Sub-Committee from amongst the local growers or traders of cotton. Disputes are referred to any two of these arbitrators. If their decision is unacceptable to any of the parties an umpire is selected out of the panel of arbitrators for settling the dispute. An appeal against the decision of the umpire can be made to the Disputes Sub-Committee whose decision is final.

(*iii*) Control Sub-Committee which controls and reports on the facilities to be provided in the cotton market and checks weights and scales.

The permanent staff in the employment of the Committee consists of a Secretary and the usual number of clerks, supervisors and menials.

The market is decentralised, *i.e.*, the shops are scattered all over the town. The Market Committee has its own yard but so far it has not become popular.

The Secretary of the Market Committee receives the New York, Liverpool and Broach cotton quotations from Bombay at 3 A.M. These are published at 5 A.M. (Specimen copy *vide* Appendix XXIII). Any information received subsequently during the course of the day is also conveyed to those concerned. Another report giving the volume of local sales and purchases, prices and cotton accounted for in the market from 1st January to date is posted in the afternoon. This report also contains information about stocks in the market at the commencement and end of the week and at the commencement of every month.

The various functionaries in the market are registered and licensed, the fee for registration varying from Rs. 3 ot Rs. 15 per annum.

Persons who desire to set up or continue the business of buying and selling, storing, weighing, pressing and processing have to make an application for licence through the Collector of the district. A specimen copy of the licence is given in Appendix XXIV.

Sellers bring their carts to the shops of *dalals* in the market where sales are effected. The Bombay quotations form the chief basis for price settlement. The delivery is given by the seller on the premises of the buyer. All receipts of fees recovered under the rules or bye-laws are signed by the Secretary of the Committee and in his absence by any person appointed by the Chairman. Unauthorised trade allowances are prohibited.

The maund in use is equivalent to 28 lb. and 28 such maunds make a candy. Multiples and sub-multiples of a maund are also in use. The authorised weights and scales are checked by the Chairman or Vice-Chairman or two members of the committee or any employee of the market committee authorised by it.

There is no octroi or terminal tax. The market charges which the seller has to pay are brokerage at 6 annas per candy (784 lb.) of *kapas*, 12 annas per candy of lint and market cess at 3 annas per candy of *kapas* and 4 annas per candy of lint. An additional charge of 6 annas per candy is realised from the seller if the cotton is not delivered at the premises of the buyer.

The income of the Committee is made up of licence and registration fees and the proceeds of the market cess. The total annual income of the Committee is estimated to be, on an average, about Rs. 20,000 to Rs. 25,000. The total annual expenditure amounts to about Rs. 10,000 to Rs. 15,000. By the end of the year 1939, the committee had accumulated a balance of about Rs. 40,000.

The regulated market at Tiruppur has been working under some handicaps, some of which are enumerated below:

(*i*) The Act is applicable to Tiruppur Municipality only and this has to some extent diverted trade to the neighbouring weekly markets of Puliampati, Pollachi and Udumalpet where the Act is not applicable. If the application of the Act is extended to the whole of the Coimbatore district, one of the main handicaps under which the Tiruppur cotton market is labouring at present will be removed. Recently the area of operation has been extended to 5 miles from the municipal limits.

(*ii*) The Act provides for the licensing of premises for sale and purchase outside the market yard. This does not allow the same degree of check or control over the activities of various market functionaries as is possible in a centralised market yard. In the interest of proper control, therefore, it is necessary that sale and purchase should not be allowed outside the

centralised market yard. But before this restriction can be enforced, adequate facilities should be provided within the market yard.

(*iii*) Traders have not co-operated with the Market Committee to the extent desirable.

In spite of the handicaps mentioned above, the Tiruppur regulated market has been responsible for bringing about a number of reforms. Some of these are detailed below:

(1) Unauthorised trade allowances have been done away with as will be seen from the following instances:

(*a*) *Allowances.*—Scale allowance was formerly charged at 1 lb. for every weighment. Besides this, in the case of *kapas*, additional allowance was charged at 1 lb. for every 100 lb. or fraction thereof and 1 lb. for every 1,000 lb. or fraction thereof, *i.e.*, at 11 lb per 1,000 lb. These have been stopped now.

(*b*) *Charity.*—Charity which was charged at 1 anna per *pothi* (260 lb.) of *kapas* and 2 annas per local candy of 520 lb. of lint has been declared illegal.

(*c*) *Sample.*—Formerly ½ lb. per *borah* (about 280 lb.) of lint was taken *gratis* as a sample. Now all samples have to be paid for.

(*d*) *Cart hire.*—In the case of *kapas*, no cart hire was charged if it was delivered at the buyers' premises but in the case of lint, cartage used to be deducted at Re. 0-2-6 per *borah* about (280 lb.) even if it was delivered at the buyers' premises. The latter charge has now been stopped.

(2) The remuneration of brokers and commission agents has been fixed at lower rates and deduction for tare is now made on a basis fair both to the seller and the buyer. The comparative figures are given below:

Rate charged before the application of the Act.	Rate charged after the application of the Act.
Brokerage—	
(*a*) lint @ Re. 0-10-0 to Re. 1-0-0 per candy of 520 lb.	Not exceeding Re. 0-12-0 per candy of 784 lb.
(*b*) *kapas* @ Re. 0-2-0 per *pothi* of 260 lb.	Not exceeding Re. 0-6-0 per 784 lb.
Commission—	
(*a*) lint @ Rs. 2-0-0 per candy of 520 lb.	@ Re. 0-12-0 per Rs. 100.
(*b*) *kapas* @ Re. 1-0-0 per *pothi* of 260 lb.	@ Re. 0-12-0 per *pothi* of 280 lb.
Tare—	
Lint *borahs* 10 lb.	Actual.

On an average, about 160,000 bales of lint are transacted every year in the Tiruppur market. Of these, about 100,000 bales are brought in the form of lint and about 60,000 bales are ginned from *kapas* brought for sale. Assuming that the whole of this cotton is marketed through commission agents and brokers and also assuming the price of *kapas* at Rs. 32 per *pothi* of 280 lb. and that of lint at Rs. 245 per candy (784 lb.), the saving effected in the marketing charges works out at Rs. 3-6-0 per candy of lint marketed as such and Rs. 8-8-0 per candy of lint marketed as *kapas*, *i.e.*, over Rs. 400,000 per annum. Formerly, brokerage also used to be charged on lint whether a broker was engaged or not. This practice no longer obtains in the Tiruppur market.

(3) There was no suitable arrangement for the settlement of disputes Now there is a panel of arbitrators to settle disputes and the Disputes Sub-Committee acts as the appellate authority.

(4) Before the regulation of the market, standard weights were not in common use and the local maund and candy varied from 26 to 28 lb. and from 500 to 520 lb. respectively. Now the local maund has been standardised at 28 lb. and candy at 784 lb. Correct weighment is assured by checking scales and weights regularly and supervising weighments.

(5) Up-to-date market information is made available to the users of the market.

(*b*) *Regulated markets for groundnuts.*—The Act was extended to groundnuts in April 1939. The South Arcot district was declared as a notified market area for groundnuts and the South Arcot Groundnut Market Committee was established with its head office at Cuddalore. At present, there are two regular sub-committees of this Committee attending to various matters.

(*i*) Executive Sub-Committee.
(*ii*) Disputes Sub-Committee.

The Committee has opened six market yards in the district.

All buyers, sellers, brokers and weighmen in the district, dealing with groundnuts are now licensed. People who buy for purposes of seed and persons whose purchases do not exceed 7,000 lb. in the course of a year for use after processing are exempted from registration, but all registered traders are required to submit a statement of their daily accounts of transactions before 6 P.M. on the next day. Licensed brokers are required to furnish weekly returns on each Monday recording the quantity of groundnut purchased by each buyer and the names of the weighmen responsible for weighment. Weighmen have to enter the weight of each consignment weighed by them in the *chitta* (form) supplied to them by the Committee at a nominal price. The entries made by a weighman are endorsed by the buyer and a copy of the entries signed by the buyer is given to the seller also. The market charges have been standardised and exorbitant deductions have been prevented. Market practices have also been regularised. A few specific instances are given below to illustrate the improvements that have taken place:

(*i*) *Commission charges.*—The rate of commission which formerly ranged between Re. 0-1-6 and Re. 0-4-0 per candy has now been reduced by nearly 50 per cent.

(*ii*) *Samples.*—The taking of free samples has been stopped. All samples are now returnable to the seller. Prices are fixed after full inspection of the produce and subsequent deductions are not allowed.

(*iii*) Formerly, all traders used to collect an allowance of one pie per bag from the sellers. This has been stopped.

(*iv*) Before the application of the Act there was no agency to check the accuracy of weights. Now this duty is performed by the Market Committee. Volume measures have been entirely prohibited. In 1941, as many as 1906 weights were stamped and a sum of Rs. 119-2-0 was collected as stamping fees.

(*v*) Only licensed weighmen wearing distinguishing badges are allowed to weigh.

(*vi*) Sales are done by auction within the market yards.

(*vii*) Prompt payment of the value of the produce to sellers is insisted on in the market yards.

(*viii*) Disputes, if any, are settled by arbitration.

(*ix*) A useful market news service has been instituted. Buying limits of the important exporting firms are obtained confidentially from the latter and after the figures have been consolidated, they are displayed on notice boards in the market yards. A weekly statement of market conditions for groundnuts in the South Arcot district is also issued.

(*x*) Propaganda is made to improve the quality of groundnuts. Decorticating of groundnuts by machine instead of by hand-beating has been advocated.

(*xi*) Efforts have also been made to enforce suitable standards of quality and the Committee has adopted the all-India Standard Contract as recommended by the Agricultural Marketing Adviser to the Government of India.

The arrivals of groundnut in the six market yards, the percentage to the total arrivals in the market centres during 1941 together with the corresponding figures during 1940 are given in the table on the next page.

Arrivals of groundnuts at the market yards in the South Arcot district.

Market centres.	1940.				1941. (1st January 1941 to 31st December 1941).		
	Period.	Arrivals in the market centre.	Arrivals in the market yard.	Percentage of arrivals in the market yard to arrivals in the market centre.	Arrivals in the market centre.	Arrivals in the market yard.	Percentage of arrivals in the market yard to arrivals in the market centre.
		(Tons).	(Tons.)	(per cent).	(Tons).	(Tons).	(per cent).
Tindivanam	1st January 1940 to 31st December 1940.	10,000	766	7·7	12,498	1,098	8·8
Vridhachalam	25th January 1940 to 31st December 1940.	8,950	520	5·8	8,863	2,299	25·9
Tirukoilur	29th January 1940 to 31st December 1940.	7,000	710	10·1	12,913	1,986	15·4
Ulundurpet	9th February 1940 to 31st December 1940.	8,800	938	10·7	7,696	1,239	16·1
Cuddalore	3rd March 1940 to 31st December 1940.	10,275	495	4·8	10,763	1,229	11·4
Villupuram	10th July 1940 to 31st December 1940.	19,500	760	3·9	10,935	2,474	22·6
Total	..	64,525	4,189	6·5	63,668	10,325	16·2

The figures of percentages given in the above table show that all the six market yards have gained in popularity during 1941 as compared with the preceding year. This progress is attributed partly to the better attitude of a section of the trade towards the working of the Act and the market yards, better control over trading in the yards than in the licensed premises outside, and the comparatively better prices obtained by sellers in the market yards, and partly to the propaganda done by the staff of the Committee. The arrivals in the market yards would have been on a still larger scale but for the fact that traders maintaining the licensed premises outside the market yard advance cash loans and also supply gunny bags to growers and petty traders

The Committee started work with a loan of Rs. 7,700 from the Government in 1939. The loan was repaid with interest during the year 1940, and the balance sheet for the year ending 31st December, 1941, shows a balance of Rs. 26,930-13-1. The revenue receipts for the year amounted to Rs. 58,835-2-10, while the expenditure was Rs. 49,841-13-2. The Committee has been able to build up a reserve fund of Rs. 13,000 in the course of two years. The net assets of the Committee on 31st December, 1941, were estimated at Rs. 50,731-15-1.

(c) *Regulated markets for tobacco.*—There has been a good deal of opposition from some buyers to the application of the Act to tobacco in certain markets. The agitation has been particularly directed against the sale of tobacco in the market yards with the result that very little sale has so far taken place in these yards. It is argued by these buyers that the market committees have not yet provided adequate trading facilities, *e.g.*, the provision of suitable sheds and godowns for tobacco in their yards. Small traders, on the other hand, are opposed to the introduction of auction system which, according to them, places them in an unfavourable position *vis-a-vis* the big buyers. Growers, on the other hand, complain that the members nominated to represent their cause are not always the real growers. Their so-called representatives are more interested in trading than in production. Paucity of funds has also stood in the way of making improvements in some markets

For all the above reasons, the regulated markets for tobacco have not so far been very successful.

In order to improve the working of these markets, it is necessary that the sale and purchase of agricultural produce within the market yard should be insisted upon. The Act should also be made applicable to as many commodities as is possible. This will not only enhance the income of market committees thus enabling them to provide the necessary market facilities but will also prevent the more unscrupulous intermediaries and traders from putting pressure on growers in respect of commodities to which the Act does not apply. Another point worth mentioning is the appointment and the position of the Secretary or Superintendent of the Committee. He should not be liable to punishment by the Market Committee. Otherwise he is likely to be influenced by the party in power in the Committee and, therefore, to connive at evasions of the Act. He should be under the direct control of some Government Department and may work under the Committee as a sort of liaison officer. As he may also have to devote some attention to propaganda for introducing improved methods of cultivation and preparation for marketing of the crops concerned, he should preferably belong to the Agricultural Department.*

While the regulated markets for tobacco in Madras have not fulfilled the expectations with which they were started, regulation has been helpful in certain limited ways. For instance, in the Guntur market, marketing charges and allowances have been considerably reduced. Brokerage

*Similar suggestions have also been made by the Collector, Bezwada (Madras) for the improvement of the regulated markets under his control.

which used to vary from Re. 1 to Rs. 3 per candy (500 lb.) previously has been reduced to 3 annas per maund (82 2/7 lb.) for flue-cured tobacco, Re. 0-2-6 per maund for sun-cured tobacco and 1 anna per maund for *gulla* tobacco. Tare allowance has been lowered from 9 lb. to 3 lb. per bale of 250 lb. A supplementary charge of 2 annas per bale which was formerly realised by buyers has been abolished. The Guntur Market Committee has also done good work in the way of disseminating market news and done good propaganda for improving the cultivation of tobacco.

(2) CENTRAL PROVINCES.

In the Central Provinces, there are two types of regulated markets:

(*i*) Markets regulated and controlled under the Central Provinces Municipal Act of 1922; and

(*ii*) Markets regulated under the Central Provinces and Berar Cotton Market Acts of 1932 and the Central Provinces and Berar Agricultural Produce Market Acts of 1935.

(*a*) *Municipal markets.*—Under the Central Provinces Municipal Act of 1922, a municipality is empowered to make bye-laws on various affairs concerning the better control and administration of its areas, including the grain markets under its administration. Accordingly, many municipalities have made bye-laws for the:

(*i*) Inspection and regulation of markets;

(*ii*) Licensing of brokers, commission agents, measurers and weighmen practising their calling in public places within the municipality, and fixing of fees payable for such licences and the conditions on which they are to be granted and can be revoked;

(*iii*) Prescribing of standard weights and measures to be used, and preventing the use of false and defective instruments for weighing, weights and measures, within the municipality.

In most of the municipalities, markets are under the management of Sub-Committees consisting of five members elected from amongst the members of the municipal committee. This body is subject to the general control of the parent body. The term of office of the Sub-Committee is generally co-extensive with the life of the municipal committee appointing it. In a municipality where there is no Market Sub-Committee, supervision is done by the Secretary.

Generally speaking, the actual work of market supervision and checking of weights and measures devolves on the Secretary of the municipality and/or the Market Superintendent, even where a Market Sub-Committee functions. As, however, the executives are usually overworked, very little control can be exercised by them. It is the general opinion that the municipal system of regulation has been more or less ineffective in checking the malpractices and bringing about the desired improvement in the marketing of agricultural produce.

The working of one of the better-managed municipal markets, *viz.*, Raipur, is discussed below:

Raipur market.—The Raipur grains market is owned by the municipality. The lay-out of the market yard is quite satisfactory and there are also open spaces for the parking of carts.

The Executive Committee of the Municipal Board is responsible for the control of the market. In actual practice, the market *daroga* (Superintendent) exercises most of the powers. There is ample accommodation for the storage of produce. Storage in the open yard is free up to 3 days after which one anna per bag is charged.

Carts are not allowed to enter the market yard. The carts, as they arrive, are unloaded by the sellers or licensed coolies and the produce is brought to the market yard where it is heaped in lots for inspection by the buyers or *pucca arhatiyas*. The *dalals* (brokers) act as intermediaries

between the sellers and buyers. Price is settled by private treaty. All transactions are entered in the *dalal's* book which is examined by the market *daroga* who makes sure that both the buyer and seller have actually agreed to the price arrived at. The *dalal* deposits a sum of Rs. 5 per cart as earnest money on behalf of the buyer. The books maintained by *dalals* state the register number, date of transaction, cartman's name and address, name of commodity, number of carts sold, name of purchaser, rate, advance paid, signature of purchaser, *dalali* due and signature of the market *daroga*. After the *daroga* has signed, the transaction cannot be revoked. After the transaction has been finally settled, measuring of the produce by the licensed measurers takes place. The *dalal* pays the market cess on behalf of the buyer and the seller, and receipts are prepared for sellers and buyers. Payment is made to the seller in the presence of the *dalal* at the buyer's premises.

Disputes are usually settled by the market *daroga*, failing which the matter is referred to a tribunal consisting of 2 members of the Executive Committee of the Municipal Board and one representative of the market. If the tribunal fails to satisfy the parties, they have a right to appeal to the Executive Committee. In cases calling for urgent decision, the President is empowered to decide and report his ruling to the Committee.

The produce is not weighed but only measured. For this purpose, the municipality has provided *kathas* to the measurers for daily use. *Kathas* are made of brass and are fitted with an automatic leveller, made of iron plate working on hinges. Each *katha* is equal to 5 seers (water standard). Twenty *kathas* make one *khandi* and one *khandi* and 2 *kathas* are equal to one bag.

The various functionaries in the market are registered and licensed. The fees charged vary from Rs. 9 to Rs. 12 per annum. Buyers are registered free of charge. They have to apply for a licence on a paper bearing court fee stamps for 2 annas.

No octroi is charged and free passes are issued to carts entering the market. For produce sold outside the market yard, octroi at the rate of 2 annas per *khandi* is charged. Coolies are paid at the rate of 2 annas per cart for removing the produce from the cart to the market yard. *Dalali* is paid at the rate of 3 annas per cart both by the seller and the buyer each, out of which 2 annas each goes to the municipality. Measuring charges are paid at the rate of ½ pice per *khandi* by the seller and 1 pice per bag by the buyer.

An idea about the volume of business transacted in the Raipur market may be had from the following figures of quantities handled in 1938-39:

	Cart loads.*		Cart loads.*
Rice	57,592	*Moong* .. .	1,213
Wheat	4,582	*Arhar*	2,083
Gram	2,660	Linseed	6,195
Peas	341	*Tili*	477
Massur	1,440	*Sarson*	89
Lakori	5,387	Miscellaneous ..	551
Urd	5,077		

The income of the Raipur Market is derived from market cess on arrivals of carts, land and godowns rent, sale of manure and licence fees.

The expenditure is incurred mainly on the pay of the staff employed for the management of the market. Practically no expenditure is incurred on such market facilities as market news service and on items of agricultural improvement. The income is usually far in excess of the expenditure and the surplus is merged in the general revenues of the municipality to be utilised for purposes not connected with the marketing of agricultural produce.

*One cart load is equal to about 6 bags or 15 maunds.

(*b*) *Other regulated markets.*—Of the second type of regulated markets, *i.e.*, those regulated under the special Market Acts, the Amraoti market is the biggest cotton market dealing annually with about 1¼ lakh bales of cotton. The conditions prevailing in this market are described below.

Amraoti market.—This market was started in 1872. It remained under the control of the Municipal Board from 1872 to 1900. With the passing of the Berar Cotton and Grain Markets Law of 1897, the management of the market was taken over by a market committee in 1900 on the understanding that, after defraying all the expenditure connected with the management of the market and keeping a reserve balance of Rs. 2,500 per annum, the surplus revenue would be handed over to the Municipal Board. The Committee was made up of five members two of whom were nominated by the Municipal Board and three were representatives of the traders in the market. At present the market committee consists of eleven members of whom four are elected by the cotton growers of the area, four by traders, one each is nominated by the Municipal Council and the District Council and one represents the Cotton Sale Co-operative Society. The Market Committee elects its own Chairman. The working of the Committee is supervised and controlled by the Deputy Commissioner and the Commissioner of the Division is the final administrative authority. The Committee works through the following four standing sub-committees: (*a*) Disputes Sub-Committee; (*b*) Audit Sub-Committee; (*c*) Public Works Sub-Committee and (*d*) Scales and Weights Checking Sub-Committee.

The Committee has also got the usual staff consisting of a *daroga* (superintendent), an assistant *daroga*, and clerks and menials.

The lay-out of the market yard is quite satisfactory; there are three big tin sheds for the use of sellers, buyers and their agents and godown accommodation is provided for keeping about 4,000 cotton bales. A radio set has also been installed. The Bombay price quotations are received by telegram and radio and are posted in different parts of the market yard in English as well as vernacular.

The market opens at 5 A.M. Carts enter the market yard through the main gate and are taken to the stands allotted to the various commission agents. By about 6 A.M. all commission agents and traders assemble in the market yard. Soon after, the market committee publishes the Broach and Oomra rates together with the quotations for Liverpool and New York 'futures'. Then the buyers inform the committee the range of prices which they are prepared to pay and this range is immediately published on the notice boards. Thereafter, regular trading begins. The buyer examines the quality of *kapas* or cotton as the case may be and makes his offer to the commission agent, representing the seller, under cover. When the Commission Agent thinks that the offer is fair he consults the seller and if the latter agrees to the rate, the commission agent openly declares the price. An agreement form containing the names of the buyer and the seller, their addresses and the rate fixed is then filled in duplicate. Both the copies are signed by the commission agent and the buyer. The form is taken to the office of the market committee where market cess is paid at the rate of 1 anna per cart. Both the copies of the form are signed by an employee of the committee and one copy is returned to the seller, with a metallic token. Most of the carts are disposed of in this manner by about 8-30 A. M. The seller then takes his cart to the premises of the buyer. No cart is allowed to leave the market yard unless the token is handed over at the gate of exit. If at the time of weighment the buyer discovers that the quality of *kapas* or cotton lower down in the cart is much inferior to that on the top, he claims such reduction in the rate as may either be mutually agreed upon, or the matter is referred to the

market committee. Weighment is done by licensed independent weighmen who are required to enter the weights of all carts weighed by them in the weighment book in the prescribed form. The commission agent recovers the value of the produce from the buyer and makes payment to the various sellers.

Weighment is done by beam scales. The units of weight used are lb. and *khandi* (784 lb.) and the unit of weighment is 56 lb.

Buyers, commission agents and weighmen are all registered and licensed and have to pay licence fees varying from Rs. 5 to Rs. 100 per annum.

Weighmen are required to wear badges provided by the market committees on a cash security of Rs. 5. No Octroi or terminal tax is levied on inward traffic, while outward traffic is charged at Re. 0-15-0 per bale (392 lb.) of lint. The other market charges are given below:—

	Payable by seller.	Payable by buyer.
Commission	Re. 1-0-0 per cart of/or 1¼ *khandi*.	..
Weighing charges . . .	Re. 0-1-6 per cart . . .	..
Market cess (for which metallic tokens are issued).	Re. 0-1-0 per cart . . .	..
Handling charges . . .	..	Re. 0-2-6 per cart.

No deductions in kind are allowed. Sellers do not pay anything towards charity but the commission agents have formed an association and pay 1 anna per every rupee of commission earned to a charity fund.

The income of the market committee is made up of the market cess, licence fees, rent for godowns, etc.

The main items of expenditure are (*i*) establishment charges, (*ii*) telegram charges for market news, (*iii*) repairs of roads within the market yard and the approach roads and (*iv*) miscellaneous, *e.g.*, charges for electricity, stationery, etc.

During the year 1936-37, the income amounted to about Rs. 17,000 and the expenditure to Rs. 14,300.

The market is reported to be working quite satisfactorily and there is said to be good co-operation between buyers, sellers, commission agents and the staff of the market committee.

(3) Bombay.

In the Bombay Province, at present there are seven regulated cotton markets. They were all established under the Bombay Cotton Markets Act, 1927. With the passage of the Bombay Agricultural Produce Markets Act in 1939, the Bombay Cotton Markets Act of 1927 was repealed and the seven markets have automatically come under the new Act. The working of the Dhulia market which is an important *kapas* market in the Bombay Province is described below.

Dhulia market.—Dhulia was the first market to be regulated under the Bombay Cotton Markets Act, 1927. It started functioning in 1930. The market now meets in a rented yard, but arrangements are in progress about shifting it to a better yard.

The market is controlled by a market committee composed of 15 members.

There are four sub-committees: (*i*) Controlling Body; (*ii*) Disputes Sub-Committee; (*iii*) Audit Sub-Committee and (*iv*) Works Sub-Committee. There is also a superintendent for the market.

The *arhatiyas*, buyers and weighmen operating in the market are all licensed. Sales of *kapas* outside the market yard are prohibited but sales of lint are permitted in the ginning factory compounds within the market proper.

The ruling prices of cotton in Bombay (of Oomra and Broach cotton) are daily received by telegram and displayed at the main gates of the market yard for the information of the users of the market. After the rates are put upon the notice board, buyers inspect the produce and prices are settled under cover by the buyer or his representative and the *arhatiya*. The final price is settled with the consent of the seller and is declared openly, together with the name of the buyer. Prices are offered after inspection of the cotton and no deductions in the rate are allowed afterwards if the quality of cotton is uniform from the top to the bottom of the cart. After the bargain has been struck an agreement is signed. Carts are allowed to go out of the yard after a market cess of 2 annas per cart has been paid.

The weighment of the produce is done by licensed weighmen on beam scales and the lb. series of weights are generally employed. Weights and scales are regularly checked by Government Inspectors and the weights are stamped under the Bombay Weights and Measures Act.

The seller has to pay the following market charges:—

(*1*) *on kapas*—	
Arhat	Re. 1-4-0 per cart of about 16 mds. (82 2/7 lb.)
Weighing charges . . .	Re. 0-2-6 per cart.
Cooly charges	Re. 0-3-0 ,, ,,
Market cess	Re. 0-2-0 ,, ,,
Waterman's charge . . .	Re. 0-0-6 ,, ,,
(*2*) *on lint per bojha of 392 lb*—	
Arhat	Re. 1-0-0 per *bojka*.
Pinjrapole (Gowshala). . .	Re. 0-2-6 ,, ,,
Weighing charges . . .	Re. 0-0-6 ,, ,,
Cooly charges	Re. 0-1-0 ,, ,,

Buyers do not have to pay any market charges. Terminal tax is payable on outward traffic only at Re. 0-8-0 per bale of 400 lb. payable by the consignor. No tax is charged on *kapas* and loose lint.

The arrivals of seed cotton, lint and cotton waste in the market during the last five years are shown below:

Arrivals of seed cotton, lint and cotton waste in Dhulia.

Arrivals in carts.

Year.	Seed cotton.	Lint.	Cotton waste.
1936-37 . . .	34,978	2,190	282
1937-38 . . .	43,096	2,040	109
1938-39 . . .	47,260	788	219
1939-40 . . .	31,991	801	229
1940-41 . . .	48,003	2,009	279

A few of the reforms introduced by the *Dhulia* regulated market are given below:

(*i*) The market charges payable by the seller of *kapas* have been reduced from Rs. 2 per cart to Rs. 1-12-0 per cart.

(*ii*) Before the application of the Act, weighmen used to be servants of commission agents and buyers. Now they are independent, licensed and responsible to the market committee.

(*iii*) The unit of weighment is 84 lb. Formerly if *kapas* weighing less than this unit was left over after weighment, it was not paid for. This has now been prohibited.

(*iv*) Formerly payment for cotton sold was made to the sellers at the convenience of the buyers. Now payment is made on the same day on which sale takes place.

(*v*) Arrangements have now been made for the settlement of disputes by arbitration.

(4) Hyderabad State.

The Hyderabad Agricultural Markets Act was passed in 1930. It was originally administered by the Government through the Director-General of Commerce and Industries with the help of district officers. Now that the Marketing Department has come into existence, the Marketing Officer has been made primarily responsible for the administration of the Act. There are at present 22 regulated markets in the State. The working of an important regulated market in Hyderabad is briefly given below.

Raichur market.—The Act was applied to Raichur market in 1343 F. (1933). In the beginning it was enforced in the *bazar* where wholesale business used to be carried on. The Act was applied in this manner for the first three years. A market cess of 1 anna per cart was levied and the income thus derived was credited into the Market Fund. At first there were considerable opposition and agitation against the application of the Act, but as a result of propaganda and thanks to the help given by the Collector, the experiment became a success. In the year 1346 F. (1936) a market yard outside the town was acquired by the municipality on behalf of the market committee. The Municipal Board then persuaded the *arhatiyas* to purchase plots of land within the market yard for the construction of their shops, godowns and residential quarters. The profit realised from the sale of land was utilised for the lay-out of roads, construction of office buildings and providing other marketing facilities within the market yard. The market is administered by a local market committee consisting of an officer nominated by the Collector, a representative of the Municipal Board, six representatives of the agriculturists nominated by the Collector, and four representatives of traders elected by themselves. The market committee has got only one sub-committee consisting of three members, two out of whom are representatives of agriculturists and one of traders. The general administration of the market is carried on by this sub-committee assisted by the Market Superintendent. In actual practice, almost all the details of administration are left to the Market Superintendent. He also settles disputes, but an appeal against his decision lies with the sub-committee and then with the Market Committee.

The Act has been applied to cotton, groundnut and grains. The rates prevailing in the Bombay market are posted regularly in the market yard. The buyers, *kachcha arhatiyas*, weighmen, and measurers are all registered and licensed. Carts bringing produce are allowed to enter the market yard only after the market cess has been paid. Common rate by open bidding is declared, based on Bombay rates, for *kapas*, lint and groundnut. With a view to enabling the highest bidder to know the magnitude of his purchase and holding him responsible for such a purchase, shops of *arhatiyas* are arranged into groups. These groups rotate from day to day and the highest bidder of the day is made responsible to purchase full lot of arrivals at that day's specific group of shops. In the case of grains, the separate sale of each heap is the prevailing practice.

Local weights and measures are in use. Cotton and groundnut are weighed, while grains are measured. For *kapas* the local weight *nag* equivalent to 315 lb. or 12 local maunds of 26¼ lb. each is used, while for *mungphali* (groundnut) one *nag* is equivalent to a maund of 25 lb. Weights are usually made of stones and the exact weight is stamped on them. The question of standardising weights and measures is under the consideration of the Hyderabad Government.

Besides the market cess levied by the market committee, toll tax at the rate of 4 annas per cart and 8 annas per lorry is charged by the Municipal Board. No tax is charged on consignments received by rail. In addition to the above the following market charges have been prescribed:

	Payable by seller.	Payable by buyer.
(a) Kapas.		
Arhat	Re. 1-0-0 per Rs. 100	Re. 0-8-0 per Rs. 100.
Hammali	Re. 0-1-3 per package of about 4-5 railway maunds.	*Nil.*
Dharmada	Re. 0-0-6 per Rs. 100	Re. 0-0-6 per Rs. 100.
(b) Lint.		
Arhat	Rs. 1-8-0 per Rs. 100	*Nil.*
Hammali	Re. 0-0-9 per package of 4-5 railway maunds.	*Nil.*
Dharmada	Re. 0-0-6 per Rs. 100	Re. 0-0-6 per Rs. 100.
(c) Groundnuts and Grains.		
Arhat	Re. 1-0-0 per Rs. 100	Re. 0-12-0 per Rs. 100.
Hammali	Re. 0-0-3 per bag of 3½ local maunds.	Re. 0-0-3 per bag of 3½ local maunds.
Dharmada	Re. 0-0-6 per Rs. 100	Re. 0-0-6 per Rs. 100.

There is a charity committee to look after the distribution of *dharmada* fund to various charitable institution.

During 1937-38, total arrivals in the Raichur market amounted to 67,000 carts of cotton and 92,867 carts of other agricultural produce. The average annual income of the market committee is estimated at about Rs. 10,000 to Rs. 15,000 per annum, while the expenditure varies between Rs. 5,000 and Rs. 10,000.

(5) Gwalior State.

There are 36 regulated markets in the Gwalior State. The regulated markets of the State are governed by rules and regulations called 'Qawaidi-Mandihai-Gwalior" and bye-laws made thereunder. According to these rules and regulations, the control of each regulated market is vested in a market committee locally known as *mandi* committee. It consists of 9 members of whom 6 are elected and 3 nominated. The elected members are from among the trading community and out of the nominated members one represents the Municipal Board and the remaining 2 are cultivators and *zamindars* nominated by the *Suba* (Collector) of the district in which the *mandi* is situated. The members elect their own Chairman from amongst themselves. The term of office of a *mandi* committee is three years. The Chairman (locally known as *Chowdhry*) attends the *mandi* office daily, and is expected to be available at all reasonable times. All the members including the Chairman work honorarily. The *mandi* committee supervises the sale and purchase of agricultural produce in the *mandi* under its jurisdiction and settles disputes which may arise between buyers and sellers. The market functionaries, *e.g.*, *kachcha* and *pucca arhatiyas*, *dalals*, *hammals* and weighmen are all licensed. Under the rules and regulations the *mandi* committee has powers to inflict fines for various offences and also to cancel the licenses of the functionaries. All these *mandi* committees are under the control of the Department of Commerce and Industries. There are two Commerce Inspectors who supervise the working of all the regulated markets within the State. The Superintendent of Customs and Excise of the respective districts also supervise the working of the Committees and hear appeals against their decisions.

Although the present system of regulation is reported to have brought about appreciable improvements in the markets, it is under consideration whether the interest of the producers will be better safeguarded if their representation on the market committees is increased.

D.—Advantages of regulated markets.

The advantages, derived from the regulation of markets are so obvious that it is not necessary to enumerate them here in detail. The main advantages are, however, summarised below:

(1) Market charges are clearly defined and specified. Excessive charges are reduced and unwarranted ones are prohibited.

(2) Market practices are regularised.

(3) Correct weighment is ensured by periodical inspection and verification of scales and weights, by the licensing of weighmen and by the supervision of weighments.

(4) Suitable arrangements for the settlement of disputes regarding quality, weighment and deductions, etc., prevent litigation, safeguard the interests of the seller and smoothen business.

(5) The insistence on prompt payment of the value of produce by the buyer considerably helps the poor seller.

(6) Reliable and up-to-date market news are made available to the users of the market.

(7) Suitable quality standards and standard contract terms for buying and selling can be conveniently enforced in a regulated market.

(8) Reliable statistics of arrivals, stocks, prices, etc., can be maintained in a regulated market.

(9) Various facilities and conveniences at present unknown in many unregulated markets, *e.g.*, sheds for the use of sellers and buyers or for the sale of produce, shady trees, space for parking carts, water cisterns for cattle, storage accommodation for agricultural produce, etc., are provided in regulated markets.

(10) Propaganda for agricultural improvement, *e.g.*, use of good seed, adoption of improved methods of cultivation and grading of agricultural produce can be more conveniently undertaken in a regulated market.

(11) In view of the above it is desirable that regulated markets should be established in all provinces and States.

E.—A few suggestions as to how the efficiency of regulated markets can be increased.

The following few suggestions are made with a view to making the regulated markets more efficient in the fulfilment of the objects for which they have been or may be established:

(1) The application of the Act should be extended to all the important commodities dealt with in a particular market. This will not only be helpful in making the regulated market self-supporting but also prevent the more unscrupulous commission agents and traders from putting pressure on growers in respect of commodities which have not been brought under the purview of the Act.

(2) Producers should be adequately and properly represented on the market committees.

(3) The sale and purchase of agricultural produce within the market yard should be insisted upon. This will ensure better supervision over the activities of sellers, buyers and market functionaries.

(4) In every province and State, a Government Department should be made directly responsible for taking the initiative in the establishment of such markets. The local marketing staff should be closely associated with the administration of regulated markets.

(5) It should be specifically laid down that the Superintendent or *daroga* or Secretary of the market committee shall not be liable to dismissal or discharge by the market committee. If this safeguard be provided, the Superintendent will not have to be subservient to the party that predominates in the market committee.

(6) As the Superintendent has to deal with agricultural produce and may also be required to do some propaganda for agricultural improvement, he should possess the necessary technical knowledge. For this purpose subordinates of the Agricultural Department (after they have received some training from the local marketing staff) will probably be more suitable than others.

(7) Market functionaries and traders, particularly the more unscrupulous of them, are invariably opposed to regulation of markets, particularly at the beginning. Occasionally the agitation has been so strong as to lead to *hartals* and strikes, as for instance was the case in the Raichur, Warangal (Hyderabad) and Dhulia (Bombay) markets. To overcome these difficulties, the ground should first be prepared by making tactful and intelligent propaganda in the area in which regulation is contemplated. The Act should be enforced only after the more reasonable section of market functionaries and traders have been convinced of the general utility of regulation.

(8) The outer limits of a regulated market should also be defined and the Act enforced in that area as well. For this purpose, it would be necessary to make a careful study of each particular area before prescribing these limits in order that there may be no diversion of trade. In the case of Amraoti market (Central Provinces), for instance the whole of Amraoti *Tehsil* forms the boundary of the market. The boundary of the Bailhongal market (Bombay) again extends up to a radius of ten miles from the market place.

SUMMARY OF MAIN CONCLUSIONS AND RECOMMENDATIONS.

A.—FAIRS.

Provinces and States may be requested to take suitable action about the following:

(1) Means of communication.

Good roads facilitate the movement of livestock. At present some of the important livestock fairs are served by *kachcha* roads only. It is desirable that as far as possible such fairs should be served by good roads. Similarly, even some of the most important livestock fairs in India do not possess any telegraphic or telephonic facilities at present. The authorities concerned may provide these facilities in some of the more important fairs as an experimental measure, as it is hoped that this would help trade. (Page 13).

(2) Registration of good milkers.

It will be in the interest of owners of good milkers of the *Sahiwal*, *Sindhi* and *Hariana* breeds of cattle and the *Murrah* breed of buffaloes to register their animals with the Animal Husbandry Bureau of the Imperial Council of Agricultural Research, Delhi. This would prove helpful to both the sellers and buyers of such animals. (Page 20).

(3) Market charges.

There is a good deal of variation in the market charges in different livestock fairs. Wherever they are excessive the organising and controlling authorities should be required to reduce these to reasonable levels and the approved charges should be posted in conspicuous places in each fair. Brokers at these fairs should be licensed. (Page 23).

(4) Provision of trading facilities.

An adequate proportion of the income derived from livestock fairs should be spent by the fair authorities on providing and maintaining trading facilities, *e.g.*, suitable arrangements for water supply, proper lay-out of the fair site, improvement of sanitary conditions, etc. (Page 24)

B.—MARKETS.

Provinces and States may consider the advisability of taking suitable action about the following:

(1) Lay-out

The lay-out of some wholesale and retail markets in India is defective inasmuch as they do not provide adequate space for the display of commodities for sale, for the parking of carts and for storage. Sanitary conditions are also generally

poor. It is desirable that all new markets should be laid out according to plans approved by an appropriate department of the local governments so that provision of the necessary trading facilities may be assured. (Pages 40 and 63).

(2) Need for improved containers.

At present a good deal of wastage occurs during the transport of certain commodities owing to the fact that they are transported in defective containers. Improved containers for eggs have already been designed and popularised by the Central Agricultural Marketing Department. It is recommended that improved containers may be designed by the local marketing staff for other commodities (*e.g.*, fruits) as well and the economics of such containers be also studied. If such containers prove to be economical they should be popularised. (Page 43).

(3) Need for improved storage accommodation.

Improved storage accommodation should be provided in all the important markets. For instance, for cereals, the desirability of introducing an improved system of ferro-concrete storage should be examined. (Page 48).

(4) Market practices and charges.

There are great variations in the market practices and charges. The interests of the producer-seller are generally ignored and often there is no suitable arrangement for the settlement of disputes between the seller and the buyer. In certain cases, market charges are excessive. It is desirable that market practices and charges in *hats* as well as wholesale markets should be regulated. (Pages 35 and 60).

(5) Standardisation of weights and measures.

Malpractices in regard to weights, measures and scales are common. The Standards of Weight Act having been passed by the Government of India, the Provincial Governments should undertake legislation for the adoption of standard weights. State Governments should also undertake similar legislation within their respective areas. The legislation should embrace the standardisation of measures (which is a provincial subject) as well. The weights, measures and scales in use should be inspected and verified regularly. (Page 59).

(6) Rigid enforcement of Food Adulteration Acts and Regulations.

The adulteration of commodities is widely prevalent in the retail trade. It is necessary that Food Adulteration Acts and Regulations should be enforced more rigidly. (Page 64).

C.—PRODUCE EXCHANGES.

The Commerce Department of the Government of India may consider the feasibility of taking suitable action about the following:

(1) Regulation of produce exchanges.

The number of trade associations dealing in futures is rather excessive. It is desirable to have some sort of control over the formation and working of these associations. (Page 76).

(2) Adoption of Standard Contracts.

The futures trade associations should be required to adopt uniform standard contracts for the commodities dealt with by them. Efforts in the direction of voluntary adoption of standard contracts for wheat, linseed and groundnuts have so far met with limited response and a statutory backing to the standard contracts seems necessary. (Page 76).

D.—REGULATION OF MARKETS.

Establishment of Regulated Markets.

Most of the above defects in the existing system of marketing agricultural produce in the wholesale markets in India can be remedied by establishing properly regulated markets. It is, therefore, recommended that regulated markets should be established in all provinces and States, but before the necessary details of legislation are worked out in a province or State, the various interests concerned and/or affected should be consulted, so that when the markets are actually set up or regulated, their smooth functioning may not be hampered by any misinformed propaganda or criticism. (Pages 105 and 106).

APPENDIX I.

Number and distribution of livestock and produce fairs in India.*

Province or State.	Total number of fairs.†	Distribution (Districtwise).
Ajmer-Merwara .	4	Ajmer-Merwara (4).
Assam . . .	4	Sibsagar (2), Goalpara (1) and Cachar (1).
Baluchistan . .	3	Sibi (1), Quetta (1) and Loralai (1).
Bengal . .	61	Rangpur (31), Dinajpur (26), Bogra (2), Jalpaiguri (1) and Mymensingh (1).
Bihar . . .	348 (77+213P +58LP).	Purnea (1+32P+13LP), Muzaffarpur (8+14P+16LP), Gaya (25+8P+2LP), Ranchi (33P), Shahabad (16+10P), Saran (14P+10LP), Darbhanga (4+15P+5LP), Palamau (12+9P+1LP), Hazaribagh (6+12P +3LP), Manbhum (20P), Champaran (1+13P+4 LP), Patna (3+9P+3LP), Bhagalpur (1+10P), Santhal Parganas (7P), Monghyr (6P) and Singbhum (1P+1LP).
Bombay . .	36	Satara (15), Dharwar (5), Belgaum (4), Bijapur (4), West Khandesh (3), Sholapur (2), Ahmedabad (1), Thana (1) and Kanara (1).
C. P. and Berar .	13	Hoshangabad (3), Nimar (3), Saugor (1), Jubbulpore (1), Akola (1), Yeotmal (1), Amraoti (1), Betul (1) and Mandla (1).
Coorg . . .	7	Coorg (7).
Delhi . . .	1	Delhi (1).
Madras . .	113‡ LP.	Chittoor (32), Madura (10), Tinnevelly (10), Coimbatore (9), Salem (8), Bellary (7), Anantapur (7), Kurnool (6), Vizagapatam (5), Malabar (4), South Arcot (3), South Kanara (3), Kistna (2), Ramnad (2), East Godavari (1) West Godavari (1), North Arcot (1), Tanjore (1) and Trichinopoly (1).
Orissa . . .	533§ (499P+ 34LP).	Koraput (118P+16LP), Balasore (127P+2LP), Cuttack (98P+4LP), Sambalpur (87P+3LP), Puri (42P+1LP), and Ganjam (27P+8LP).
Punjab . .	127	Ludhiana (16), Sialkot (12), Ferozepur (11), Sheikhupura (11), Gujranwala (10), Lahore (8), Lyallpur (7), Rohtak (6), Amritsar (6), Hissar (5), Jullundur (5), Rawalpindi (5), Montgomery (4), Multan (4), Gurdaspur (3), Gurgaon (3), Shahpur (3), Gujrat (2), Dera Ghazi Khan (2), Ambala (1), Hoshiarpur (1), Jhelum (1) and Jhang (1).
Sind . . .	7	Hyderabad (4), Thar Parkar (2), and Upper Sind Frontier (1).
United Provinces .	190	Unao (21), Hardoi (16), Cawnpore (16), Etawah (15), Farrukhabad (14), Rae Bareli (11), Moradabad (10), Ballia (7), Bareilly (6), Aligarh (6), Kheri (5), Etah (5), Mainpuri (5), Gorakhpur (5), Shahjahanpur (4), Jalaun (4), Meerut (3), Agra (3), Fatehpur (3), Budaun (3), Azamgarh (3), Ghazipur (3), Muzaffarnagar (2), Bulandshahr (2), Mirzapur (2), Sitapur (2), Fyzabad (2), Gonda (2), Bara Banki (2), Bijnor (1), Partabgarh (1), Benares (1), Bahraich (1), Jhansi (1), Banda (1) Naini Tal (1) and Almora (1).
States¶ . .	286 (279+7 LP).	Mysore (86), Patiala (34), Gwalior (32), Hyderabad (21), Nabha (21), Bhopal (5+7LP), Bharatpur (9), Jind (9), Kalsia (9), Travancore (7), Kashmir (6), Kotah (6), Malerkotla (6), Bahawalpur (4), Cochin (3), Wav (3), Jodhpur (3), Kapurthala (2), Faridkot (2), Loharu (2), Dholpur (2), Karauli (1), Pargana Masuda (1), Bilaspur (1), Nalagarh (1), Pataudi (1), Bashahr (1) and Baroda (1).
Total .	1,733 (809+712 P+212LP)	

* Number of places where fairs are held.

† P=Produce fairs, LP=Livestock and produce fairs ; while others are livestock fairs only.

‡ For which information is available.

§ Important fairs only.

¶ Excluding States for which figures are not available.

APPENDIX II.

Certain particulars regarding some of the important livestock fairs in India.

Serial No.	Name of the fair.	District.	Nearest railway station.	Month of occurrence.	Duration.	Attendance of people.	No. of livestock assembled.	Controlling authority.
	Ajmer-Merwara.							
1	Pushkar	Ajmer-Merwara	Ajmer	November	7 days	100,000	21,000	Fair Committee.
	Assam.							
2	Gauripur	Goalpara	Gauripur	January-March	3 months.	3,000	5,000	Gauripur Estate.
	Bengal.							
3	Daroani	Rangpur	Daroani	February-March	1 month	40,000	25,000	Private.
4	Aloakhoa	Dinajpur	Ruhea	November	3 weeks	30,000	20,000	Do.
5	Nekmurad	Do.	Raiganj	April	3 weeks	25,000	15,000	Do.
6	Gopinathpur	Bogra	Akkelpur	March	15 days	15,000	10,000	Do.
7	Dhamdhemi	Dinajpur	Thakurgaon	October	15 days	15,000	10,000	Do.
8	Haripur	Do.	Raiganj	March	1 month	15,000	10,000	Do.
9	Barabhita	Rangpur	Nelphamari	December	1 month	20,000	10,000	Do.
10	Kukramoni	Dinajpur	Kaiyagunj	May	1 month	10,000	8,000	Do.
11	Dhaldighi	Do.	Dinajpur	February	3 weeks	15,000	8,000	Do.
12	Patiram	Do.	Hili	January	15 days	10,000	7,000	Do.
13	Chintamon	Do.	Phulbari	April	15 days	10,000	5,000	Do.
14	Jagadhatri Mela	Rangpur	Bamandanga	November	7 days	10,000	5,000	Do.
	Bihar.							
15	Sonepur	Saran	Sonepur	November	25 days	250,000	30,000	Do.
16	Barahpur	Patna	Raghunathpur	February	7 days	10,000	18,000	Do.
	Do.	Do.	Do.	April	7 days	10,000	20,000	Do.
17	Hardi	Muzaffarpur	Kanti	January	8 days	20,000	18,000	Do.
18	Bihta	Patna	Bihta	February-March	6 days	27,000	18,000	Do.
19	Khagra	Purnea	Kishanganj	January	8 days	55,000	15,000	Do.
20	Bhusanda	Gaya	Gaya	April	7 days	15,000	12,000	Do.
	Do.	Do.	Do.	November	9 days	15,000	10,000	Do.
21	Sitamarhi	Muzaffarpur	Sitamarhi	April	7 days	25,000	11,000	Do.

Serial No.	Name of the fair.	District.	Nearest railway station.	Month of occurrence.	Duration.	Attendance of people.	No. of livestock assembled.	Controlling authority.
	Bihar—contd.							
22	Bettiah	Champaran	Bettiah	October	8 days	30,000	11,000	Private.
23	Baraipathi	Saran	Baraipathi	April	7 days	10,000	10,000	Do.
24	Hathua	Do.	Hathua	October	7 days	20,000	9,000	Do.
25	Revelganj	Do.	Revelganj	November	11 days	10,000	9,000	Do.
	Bombay							
26	Mhasa fair	Thana	Kalyan	December-January.	8 days	10,000	15,000	Do.
27	Gadda fair	Sholapur	Sholapur.	January-February.	45 days	50,000	10,000	Do.
28	Mhaswad Nagoba fair.	Satara	Koregaon	December	9 days	20,000	10,000	Municipality.
29	Devargudda fair	Dharwar	Devargudda	September-October.	7 days	8,000	6,000	Do.
30	Hosritti fair	Do.	Haveri	December-January.	15 days	5,000	6,000	Private.
31	Mhaswad Shri Nath fair.	Satara	Koregaon	November-December.	6 days	15,000	5,000	Municipality.
	Central Provinces.							
32	Wun	Yeotmal	Wun	February-March	37 days	60,000	35,000	Do.
33	Singaji	Nimar	Singaji	October	10 days	60,000	15,000	District Council.
34	Garhakota	Saugor	Patharia	February-March	40 days	85,000	15,000	Fair Committee under District Council.
35	Hirdenagar	Mandla	Mandla	February-March	1 month	5,000	8,000	Deputy Commissioner.
	Madras.							
36	Kizhur	Malabar	Payyoli	December	7 days	25,000	40,000	Private.
37	Sivalpuri	Tinnevelly	Gangaikondan.	April	15 days	28,000	30,000	District Board.
	Do.	Do.	Do.	September	15 days	28,000	30,000	Do.
38	Kulgunda	South Kanara	Mangalore	November	16 days	10,000	20,000	Do.
39	Kuruvathi	Bellary	Ranibennur	March	12 days	20,000	20,000	Do.
40	Kannapuram	Coimbatore.	Uttukuli	April-May	7 days	10,000	20,000	Do.

41	Kalugumalai	Tinnevelly	Sankaranayinarkovil.	February-March	15 days	20,000	20,000	Private.
	Do.	Do.	Do.	April	15 days	20,000	16,000	Do.
42	Madura	Madura	Madura	April	11 days	65,000	14,000	Municipality.
43	Tiruppur	Coimbatore	Tiruppur	June	3 days	10,000	12,000	Do.
44	Kalayarkoil	Ramnad	Nattarasankottai	May-June	10 to 14 days.	22,000	10,000	Private.
45	Tiruchendur	Tinnevelly	Tiruchendur	February	15 days	30,000	10,000	District Board.
	Punjab.							
46	Amritsar	Amritsar	Amritsar	April	10 days	Over 50,000	100,000	Municipality.
	Do.	Do.	Do.	November	10 days	Over 50,000	100,000	Do.
47	Lyallpur	Lyallpur	Lyallpur	March	8 days	Over 50,000	67,000	District Board.
	Do.	Do.	Do.	August	8 days	Over 50,000	67,000	Do.
48	Jahazgarh	Rohtak	Rohtak	March-April	12 days	Over 50,000	40,000	Do.
	Do.	Do.	Do.	September-October.	12 days	Over 50,000	60,000	Do.
49	Hissar	Hissar	Hissar	March	15 days	Over 50,000	35,000	Do.
	Do.	Do.	Do.	September	16 days	Over 50,000	45,000	Do.
50	Gulushah	Sialkot	Pasrur	October	8 days	Over 50,000	25,000	Do.
51	Moga	Ferozepur	Moga	February	8 days	Over 10,000	10,000	Do.
	Do.	Do.	Do.	August	8 days	Over 10,000	20,000	Do.
	United Provinces.							
52	Bateswar	Agra	Shikohabad	October-November.	15 days	200,000	170,000	Do.
53	Makanpur	Cawnpore	Araul	January	15 days	80,000	32,000	District Officer.
54	Dewa	Bara Banki	Bara Banki	October	7 days	100,000	16,000	District Exhibition Committee.
55	Etawah	Etawah	Etawah	November	7 days	50,000	15,000	District Board and Private individuals.

Serial No.	Name of the fair.	District.	Nearest railway station.	Month of occurrence.	Duration.	Attendance of people.	No. of livestock assembled.	Controlling authority.
	United Province—contd.							
56	Kakora	Budaun	Sheikhupur	October-November.	10 days	250,000	8,000	District Board.
57	Qasimpur	Budaun	Budaun	November	7 days	18,000	6,000	*Zamindars.*
	STATES.							
	Bharatpur.							
58	Bharatpur	..	Bharatpur	October	10 days	36,000	26,000	Mela Officer.
59	Dig	..	Muttra	August	6 days	8,000	20,000	Do.
	Bhopal.							
60	Taraoli	..	Bhopal	April	1 month	15,000	10,000	Do.
61	Salkanpur	..	Seoni	February	15 days	20,000	8,000	Do.
62	Ashta	..	Sehore Cantt.	May	15 days	15,000	8,000	Do.
	Dholpur.							
63	Sarad Fair	..	Dholpur	October	1 month	15,000	22,000	Customs and Excise Officers.
	Gwalior.							
64	Shri Jagannathji Fair, Meghpura.	Bhind	Soni	March	15 days	9,000	28,000	State Officials assisted by a Mela Committee.
65	Gwalior Agricultural Fair and Exhibition.	Gwalior	Gwalior	December-January.	22 days	10,000	15,000	Committee appointed by the State.
66	Baijnath Agar	Shajapur	Agar	April	15 days	10,000	7,000	District Board.
67	Jayeshwar Mahadeo Ambah.	Morena	Morena	February	15 days	8,000	7,000	Municipality.
	Hyderabad (Deccan).							
68	Srirangapur	Mahbubnagar	Wanaparti Road	March	8 days	50,000	5,000	Samasthan.
69	Gadwal	Raichur	Gadwal	February-March	8 days	70,000	5,000	Do.

	Jodhpur.							
70	Parbatsar	..	Parbatsar City	August-September	17 days	9,000	43,000	Director, Animal Husbandry Department.
71	Tilwara	..	Tilwara Fair Station.	April	15 days	7,000	35,000	Do.
72	Nagaur	..	Nagaur Fair Station.	February	8 days	4,000	15,000	Do.
	Kotah.							
73	Sangod	..	Antah	June	12 days	5,000	11,000	Revenue Commissioner.
	Mysore.							
74	Ghati Subramanyaswamy.	Bangalore	Maklidrug	December-January.	10 days	60,000	40,000	Muzari Department.
75	Chunchanakatte	Mysore	Krishnarajasagara.	January	12 days	100,000	38,000	Do.
76	Kyamanahally	Tumkur	Tumkur	January-February.	10 days	40,000	35,000	District Board.
77	Hemagiri	Mysore	French Rocks	Do.	10 days	35,000	30,000	Do.
78	Sivaganga	Bangalore	Dodbele	January	7 days	35,000	30,000	Do.
79	Hassan	Hassan	Hassan	December	10 days	20,000	27,000	Do.
80	Mahimapur	Bangalore	Dodbele	February	7 days	30,000	25,000	Do.
81	Mudaktore	Mysore	Mysore	February	8 days	30,000	25,000	Do.
82	Rampur	Shimoga	Shimoga	February	15 days	40,000	25,000	Do.
83	Nandi	Kolar	Nandi	February	7 days	50,000	23,000	Do.
84	Upparahally	Bangalore	Whitefield	December	7 days	12,000	20,000	Do.
85	Sugganahalli	Do.	Closepet	March	10 days	60,000	20,000	Do.
	Patiala.							
86	Mansa	Barnala	Mansa	July	7 days	18,000	8,000	Director of Agriculture.
87	Karhotta	Narnaul	Mohindergarh	August	7 days	20,000	6,000	Do.
88	Dharson	Narnaul	Narnaul	May	7 days	40,000	6,000	Do.
	Do.	Do.	Do.	November	7 days	25,000	5,000	Do.
89	Narwana	Sunam	Narwana	August	7 days	12,000	5,000	Do.
	Travancore.							
90	Omallur	..	Kottarakara	March	7 days	20,000	52,000	Land Revenue Department.

APPENDIX III.

Duration of some livestock fairs in India in different months.

Month.	Days.																																Total.
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	32	37	40	45	99	
January	...	1	1	2	...	...	4	3	1	2	1	1	1	...	6	...	...	...	...	1	...	...	1	...	...	...	...	...	...	2	1	...	...	1	1	30
February	1	...	1	3	7	3	9	5	2	6	1	...	...	1	10	...	...	...	...	...	1	...	...	...	...	...	...	...	...	2	...	1	1	...	...	54
March	1	1	3	3	4	1	6	7	...	4	3	2	...	...	6	...	...	...	...	...	...	...	1	...	...	...	...	...	...	1	...	...	...	...	...	43
April	...	...	2	3	4	1	13	3	1	5	1	...	...	...	8	...	...	...	...	...	1	...	...	...	...	...	...	...	...	1	...	...	...	...	...	43
May	...	...	2	...	...	...	3	2	...	3	1	...	...	2	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	3	...	...	...	...	...	17
June	...	...	1	...	...	2	2	1	...	2	1	1	...	2	...	...	...	...	...	...	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	13
July	...	...	...	...	...	...	2	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	3
August	...	...	...	...	...	1	4	2	...	...	...	...	...	...	...	...	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	9
September	...	...	...	...	...	...	1	...	...	...	...	1	...	...	1	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	4
October	1	...	...	...	...	...	4	2	...	4	...	...	...	...	3	...	...	...	...	...	...	...	...	...	...	...	...	...	...	2	...	...	...	...	...	16
November	...	...	1	...	3	1	8	2	1	2	1	...	...	...	...	1	...	...	...	1	1	...	...	...	1	...	...	...	...	1	...	...	...	...	...	24
December	...	1	...	...	2	...	2	2	1	3	...	...	...	...	1	...	...	...	...	1	...	1	...	...	...	...	...	...	...	2	...	...	...	...	...	16
Total	3	3	11	11	20	9	58	30	6	31	9	5	1	5	36	2	1	...	...	3	4	1	2	...	1	...	...	...	...	15	1	1	1	1	1	272

APPENDIX IV.

Market charges on cattle in some of the important livestock fairs in India.

Fair.	Admission fee. (Per head) Rs. A. P.	Registration fee or fee on sales.	Brokerage.	Miscellaneous.
Ajmer-Merwara.				
Pushkar	..	Rs. 2 per bullock or she-buffalo and As. 8 per male buffalo or cow.	As. 8 to Rs. 10 per transaction.	Toll-tax :—6 pies per bullock or buffalo.
Bengal.				
Daroani	..	Rs. 2 per cow or bullock and Rs. 2-4 per buffalo.		
Haripur	..	Rs. 1-10 per cow or bullock and Rs. 1-11 per buffalo.		
Gopinathpur	..	Re. 1 per head	Varies from As. 8 to Re. 1 per head depending upon the price of the animal.	
Aloakhoa	..	Rs. 1-6-6 per cow or bullock and Rs. 1-10-6 per buffalo.		
Bihar.				
Sonepur	..	Rs. 1-2 per head		
Khagra	..	Rs. 1-10 per cow or bullock and Rs. 2 per buffalo.		
Hardi	..	Re. 1 per head		
Bhusanda	..	As. 8 per head		
Bombay.				
Sholapur	..	3 pies per rupee on sale price.	As. 4 to Rs. 5 per head, depending upon price of the animal.	1 anna per animal sold charged by the Fair Committee and 1 anna per animal for watching charges.
Pandharpur	0 0 6	As. 4 per head	Rs. 2 per head.	Ground rent :—4 annas per head of cattle. The watchman charges 1 anna per animal sold and 3 pies for each unsold animal.
Mhaswad	0 4 0	As. 2 per head	As. 8 to Rs. 5 per head depending upon the price of the animal.	
Central Provinces.				
Garhakota	..	3 pies per rupee on sale price.	As. 2 to Rs. 10 per head depending upon the price of the animal.	
Wun	..	3 pies per rupee on sale price.	..	
Singaji	..	3 pies per rupee on sale price.	As. 2 to Rs. 10 per head depending upon the price of the animal.	
Mandhata	..	Re. 1 per head	Re. 1 per head.	

Fair.	Admission fee.	Registration fee or fee on sales.	Brokerage.	Miscellaneous.
	(Per head) Rs. A. P.			
Madras.				
Tiruchendur	0 4 0	....	As. 8 per head	
Kalugumalai	0 4 0	....	Re. 1 per head.	
Sivalpuri	0 4 0	....	As. 8 to Re. 1 per head.	
Tiruppur	0 4 0	....	Re. 1 per head.	
Kulgunda	0 4 0	....	As. 8 to Re. 1 per head.	
Kizhur	0 4 0	....	As. 4 per head.	
Tiruvannamalai	0 8 0	....	Re. 1 per head.	
Punjab.				
Amritsar	..	As. 9-6 per head	Rs. 1-9 per Rs. 100 on the sale price.	
Gulushah	..	Rs. 3-2 per Rs. 100 on sale value.	0-0-3 per rupee on sale price.	Commission on money exchange at 3 pies per rupee and 4 annas per Rs. 100 currency note.
Lyallpur	..	Rs. 3-2 per Rs. 100 on sale value.	Re. 1 to Rs. 2 per head.	
Moga	..	Rs. 3-2 per Rs. 100 on sale value.	3 pies per rupee on sale price.	Commission on money exchange at 6 pies per rupee and 4 annas per Rs. 100 Currency note. *Rahdari* at 3 annas per head.
Hissar	..	Rs. 1-9 per Rs. 100 on sale value.	Re. 1 to Rs. 5 per head.	
Jahazgarh	*0 1 0	Rs. 1-9 per Rs. 100 on sale value.	Up to Rs. 2 per head.	Commission on money exchange at 3 pies per rupee and 4 annas per Rs. 100 currency note.
United Provinces.				
Bateswar	..	As. 8 per head	Rs. 1-8 to Rs. 3 per Rs. 100 on sale price.	
Etawah	..	As. 8 per head	As. 8 per Rs. 100 *plus* 2 annas extra charges per head.	
Kakora	†0 4 0	6 pies per rupee on sale price	Rs. 1-9 per Rs. 100 on sale price.	
Qasimpur	..	3 pies per rupee on sale price.	Rs. 1-9 per Rs. 100 on sale price.	
States.				
Hyderabad	..	Re. 1 per head	Re. 1 to Rs. 2 per head.	
Mysore	0 1 0 to 0 2 0	..	As. 8 to Rs. 2 per head.	

*Per animal sold.

†Persons who want to take out their animals from the fencing daily have to get a special return ticket on payment of double the admission fee and the ticket is issued for the duration of the fair.

APPENDIX V.

Number and distribution of hats in India

Province or State.	Number of *hats*.	Distribution (Districtwise).
Provinces.		
Assam*	1,213	Sylhet (628), Cachar (140), Sibsagar (89), Nowgong (79), Darrang (76), Kamrup (72), Lakhimpur (39), Garo Hills (33), Khasi and Jaintia Hills (31), Goalpara (18), Naga Hills (5) and Lushai Hills (3).
Bengal	5,862	Mymensingh (624), Midnapore (424), Bakarganj (408), Dacca (364), Rangpur (332), Khulna (323), Faridpur (321), Jessore (312), Noakhali (310), Chittagong (289), Rajshahi (269), Dinajpur (254), 24-Parganas (230), Nadia (198), Bogra (191), Tippera (150), Pabna (147), Hooghly (145), Murshidabad (85), Burdwan (85), Jalpaiguri (83), Birbhum (72), Howrah (70), Malda (70), Bankura (42), Chittagong Hill Tracts (38) and Darjeeling (26).
Bihar	2,535	Muzaffarpur (415), Champaran (305), Saran (244), Ranchi (216), Purnea (195), Bhagalpur (178), Darbhanga (152), Santhal Parganas (149), Shahabad (116), Gaya (115), Hazaribagh (113), Palamau (109), Singbhum (97), Patna (57), Manbhum (44) and Monghyr (30).
Bombay	961	Satara (121), Ahmednagar (102), East Khandesh (100), Belgaum (94), Dharwar (92), Nasik (84), Sholapur (74), Poona (64), Bijapur (60), West Khandesh (47), Thana (41), Ratnagiri (29), Surat (17), Kolaba (17), North Kanara (14), Bombay Suburban (4) and Ahmedabad (1).
Central Provinces and Berar.	2,307	Drug (227), Raipur (225), Bilaspur (223), Yeotmal (163), Bhandara (140), Hoshangabad (125), Balaghat (123), Chanda (116), Amraoti (115), Buldana (115), Nagpur (105), Wardha (103), Akola (95), Saugor (94), Chhindwara (79), Jubbulpore (74), Betul (72), Mandla (71) and Nimar (42).
Coorg	16	Coorg (16).
Madras	906	Coimbatore (155), Malabar (140), Salem (110), Trichinopoly (71), Ramnad (63), Madura (56), Chittoor (48), South Arcot (46), Tinnevelly (39), Kurnool (37), West Godavari (36), North Arcot (31), Bellary (23), Chingleput (19), Tanjore (17), Anantapur (13) and Kistna (2).
Orissa	533	Koraput (134), Balasore (129), Cuttack (102), Sambalpur (90), Puri (43) and Ganjam (35).
North-West Frontier Province.	7	Peshawar (4) and Bannu (3).
Punjab	23	Rawalpindi (6), Campbellpur (5), Karnal (5), Ambala (4), Mianwali (2) and Jhelum (1).
United Provinces	5,376	Gorakhpur (683), Hardoi (418), Cawnpore (293), Partabgarh (254), Azamgarh (246), Sitapur (204), Bareilly (203), Moradabad (195), Budaun (175), Rae Bareli (165), Ballia (142), Bijnor (139), Allahabad (138), Unao (138), Fyzabad (127), Agra (117), Shahjahanpur (115), Bara Banki (111), Kheri (100), Sultanpur (100), Meerut (86), Pilibhit (85), Jhansi (84), Bahraich (80), Gonda (77), Etawah (75), Farrukhabad (74), Muttra (71), Aligarh (70), Muzaffarnagar (66), Bulandshahr (61), Ghazipur (59), Lucknow (58), Fatehpur (58), Etah (55), Mainpuri (54), Hamirpur (46), Jaunpur (42), Jalaun (32), Nainital (27), Banda (18), Mirzapur (12), Saharanpur (11), Basti (11) and Benares (1).
States*	2,341	Hyderabad (1,000), Gwalior (300), Travancore (259), Mysore (225), Bhopal† (200), Bastar (124), Kanker (59), Manipur (33), Pudukkottai (31), Nandgaon (28), Khairagarh (21), Baroda (16), Datia (13), Kawarda (12), Udaipur (12) and Cochin‡ (8).
Total	22,080	

**Hats* for which information is available. †Approximate. ‡Important *hats* only.

APPENDIX VI.

Form of Local Board Hat lease.

Dhubri Local Board.....District Goalpara.

The ..... *Hat* is let to.....

son of ..... from 1st April 19 to 31st March 19 , for Rs. ..... only on the following conditions:—

The *Ijaradar* shall levy tolls at the following rates which shall be liable to revision from time to time. He must not under any circumstances realise more than the prescribed rates.

Serial No.	Description of article.	Rate of toll.
1	Cow and other horned cattle and pony or horse	1 pice per Re. 1 of total value.
2	Goat, ram, sheep, etc.	Do.
3	Paddy, rice, jute, etc. (*Bhar*)	1 anna per load.
4	Boat load of general articles	4 annas per boat.
5	Basket load of articles	Large basket=2 pice. Small basket=1 pice.
6	Each cart load of articles	2 annas.
7	Grocer's shop	1 anna.
8	Oil seller	1 pice.
9	Betel nut and betel shop	1 pice.
10	Potters	3 pice.
11	Potter's boat	2 annas.
12	Cloth shop	1 anna.
13	Tailor's shop	3 annas.
14	Native Biscuit shop	2 pice.
15	Fish sellers'	2 pice.
16	Stationer's shop	2 pice.
17	Black Smith's	2 pice.
18	Umbrella repairer's shop	2 pice.
19	Tobacco shop	2 pice.
20	Turmeric, chillies and lime shop	1 pice.
21	Fuel shop	1 anna.
22	Vegetable or fruit shop	1 pice.
23	Cigarette, soda and prepared betel shop	1 pice.
24	Brass and other utensils	1 anna.
25	Bamboo and cane baskets shop	1 pice.
26	Ducks, pigeons, fowls	1 pice.
27	Milk and curd	2 pice.
28	Sweetmeats	2 pice.
29	Tea	2 pice.

2. In all cases the seller must pay the prescribed tolls unless the goods brought for sale are of the value of two annas or less. If no sale takes place no toll shall be payable.

3. The *Ijaradar* shall not sublet the *hat*.

4. The *Ijaradar* will be required to show the tariff to anybody on demand.

He shall hang up a copy of the same in a conspicuous place in the *hat*. He should be careful not to levy any excess or unwarranted fees.

5. Articles brought in for sale at permanent shops already assessed to rent, are not liable to toll unless exposed for sale outside the shopkeeper's premises, in which case they will pay the usual toll.

6. Any one refusing to pay the prescribed tolls to the *Ijaradar* shall be debarred from entering the *hat* or *bazar*.

7. The selling of articles on a public road or on any site not specially allotted for that purpose is strictly forbidden.

8. The *Ijaradar* shall pay the purchase money of the *hat* according to the following instalments and on the dates specified:—

¼th on the day of sale.

¼th on the day of 1st June.

¼th on the day of 1st September.
¼th on the day of 1st December.

Provided that if the purchase money does not exceed Rs. 25 the whole amount shall be payable in the evening of the day of sale.

9. The *Ijaradar* within a week from the date of sale shall submit a security bond for the amount due from him after depositing ¼ of the amount on the date of sale.

10. The *Ijaradar* shall appoint a person to clear the *hat* yards at his own cost and heaps of manure shall not be collected in the vicinity of the *hat*, but shall be removed to a distance not less than 250 yards from the *hat* yard.

11. This lease may be cancelled at the discretion of the Chairman Local Board for breach of any of the rules or for any other cause which in his opinion may justify such cancellation. The *Ijaradar* shall cease to have any connection with the *hat* after a month of the date of notice informing of the cancellation of his lease.

12. In the event of this lease being cancelled for breach of its conditions or for any other reasons the *Ijaradar* will be liable to make good any loss which may be occasioned by the resale of the *hat* for the remaining period of the year.

DATED DHUBRI:

The *19* .

Chairman,
Local Board, Dhubri.

APPENDIX VII

Number and distribution of mandis (wholesale markets) in India.

Province or State.	Number of *mandis*.	Distribution (Districtwise).
Provinces.		
Ajmer-Merwara	7	Ajmer-Merwara (7).
Assam	54*	Khasi and Jaintia Hills (18), Sylhet (16), Naga Hills (5), Goalpara (4), Kamrup (4), Nowgong (4), Cachar (2) and Lakhimpur (1).
Baluchistan	3	Quetta (1), Chaman (1) and Sibi (1).
Bengal	174	24-Parganas (27), Burdwan (13), Nadia (13), Mymensingh (12), Hooghly (12), Midnapore (10), Bakarganj (10), Murshidabad (9), Dacca (7), Malda (6), Birbhum (5), Bankura (5), Rangpur (5), Howrah (4), Rajshahi (4), Jessore (4), Calcutta (3), Dinajpur (3), Pabna (3), Tippera (3), Chittagong (3), Noakhali (3), Faridpur (3), Khulna (2), Bogra (2), Darjeeling (2) and Jalpaiguri (1).
Bihar	74	Patna (9), Gaya (7), Shahabad (6), Monghyr (6), Muzaffarpur (5), Darbhanga (5), Purnea (5), Santhal Parganas (5), Manbhum (5), Singhbhum (5), Ranchi (4), Saran (3), Hazaribagh (3), Palamau (2), Champaran (2) and Bhagalpur (2).
Bombay	198	Poona (18), Sholapur (14), Satara (13), Kaira (12), Thana (12), East Khandesh (12), Belgaum (11), Nasik (11), Dharwar (10), Ahmedabad (10), Surat (10), Ahmednagar (9), Kolaba (9), Bijapur (9), Ratnagiri (8), Broach (8), Panch Mahals (7), West Khandesh (7), Kanara (6) and Bombay and Suburban (2).
Central Provinces and Berar.	64	Hoshangabad (7), Akola (6), Amraoti (6), Saugor (5), Buldana (5), Yeotmal (5), Nagpur (5), Jubbulpore (3), Nimar (3), Wardha (3), Bilaspur (3), Raipur (3), Mandla (2), Chhindwara (2), Bhandara (2), Betul (1), Drug (1), Chanda (1) and Balaghat (1).
Coorg	9	Coorg (9).
Delhi	4	Delhi (4).

*Markets for which information is available.

Province or State.	Number of *mandis*.	Distribution (Districtwise).
Madras . .	237	Vizagapatam (22), Coimbatore (19), Malabar (18), Tanjore (17), Salem (16), North Arcot (14), Tinnevelly (13), Cuddapah (12), South Arcot (10), East Godaveri (9), Kistna (9), Guntur (9), West Godaveri (8), Nellore (8), Ramnad (8), Chingleput (7), Anantapur (6), Kurnool (6), Chittor (6), Trichinopoly (6), Bellary (5), South Kanara (5), Madura (3) and Nilgiris (1).
North-West Frontier Province.	14	Mardan (3), Hazara (3), Peshawar (2), Kohat (2), Bannu (2), and Dera Ismail Khan (2).
Orissa	30	Ganjam (10), Cuttack (5), Puri (4), Sambalpur (4), Koraput (4) and Balasore (3).
Punjab . .	157	Ferozepur (11), Hissar (10), Lyallpur (9), Jullundur (9), Gurgaon (8), Lahore (8), Shahpur (8), Attock (7), Mianwali (7), Gujranwala (6), Karnal (6), Multan (6), Sheikhupura (6), Ambala (5), Gujrat (5), Gurdaspur (5), Kangra (5), Ludhiana (5), Montgomery (5), Amritsar (4), Muzaffargarh (4), Rohtak (4), Hoshiarpur (3), Jhang (3), Sialkot (3), Jhelum (2), Rawalpindi (2) and Dera Ghazi Khan (1).
Sind . . .	25	Tharparkar (6), Hyderabad (4), Nawabshah (4), Karachi (3), Larkana (3), Sukkur (2), Dadu (2) and Upper Sind Frontier (1).
United Provinces .	477	Bareilly (38), Rae Bareli (27), Gorakhpur (26), Ballia (21), Hardoi (21), Budaun (20), Cawnpore (19), Partabgarh (15), Naini Tal (14), Allahabad (14), Etah (14), Sitapur (13), Muttra (13), Aligarh (12), Jhansi (12), Meerut (11), Fatehpur (11), Bijnor (10), Bara Banki (10), Bulandshahr (10), Etawah (9), Jaunpur (9), Azamgarh (9), Agra (8), Moradabad (8), Unao (8), Sultanpur (8), Bahraich (8), Mainpuri (7), Shahjahanpur (7), Fyzabad (7), Banda (6), Lucknow (6), Saharanpur (5), Mirzapur (5), Ghazipur (5), Kheri (5), Jalaun (5), Hamirpur (5), Pilibhit (4), Farrukhabad (3), Gonda (3), Basti (3), Dehra Dun (2) and Almora (1).
States* . .	191	Hyderabad (50), Gwalior (45), Bhopal (30), Patiala (24), Bahawalpur (15), Baroda (11), Pargana Masuda (4), Khairpur (3), Cochin (2), Kashmir (1), Khairgarh (1), Bastar (1), Kanker (1), Kawarda (1), Udaipur (1) and Nandgaon (1).
Total	1,718	

* For which information is available

APPENDIX VIII

Dates on or about which the all-India Forecasts of crops are issued by the Department of Commercial Intelligence and Statistics, India.

Rice—	
First forecast . .	October 20.
Second ,, . .	December 20.
Final ,, . .	February 20.
Wheat—	
First forecast . .	January 25.
Second ,, . .	March 6.
Third ,, . .	April 15.
Fourth ,, . .	May 20.
Final ,, . .	August 6.*
Sugarcane—	
First forecast . .	August 20.
Second ,, . .	October 20.
Final ,, . .	February 5.
Cotton—	
First forecast . .	August 15.
Second ,, . .	October 15.
Third ,, . .	December 15.
Final ,, . .	February 15.
Supplementary forecast .	April 15.
Jute†—	
Preliminary forecast . .	July (1st week)
Final ,, .	September (3rd week.)
Supplementary Review .	March (Last week).
Final Review . .	September (First week.)
Linseed, Rape and Mustard—	
First forecast . .	January 1.
Second ,, . .	March 15.
Final ,, . .	June 1.
Sesamum (til or jinjili)—	
First forecast . .	September 1.
Second ,, . .	October 20.
Final ,, . .	January 15.
Supplementary forecast .	April 20.
Castor seed . . .	February 20.
Groundnuts—	
First forecast . .	August 20.
Second ,, . .	October 20.
Final ,, . .	February 15.

* Now revised to July 6. † Published by the Director of Agriculture, Bengal.

Source.—Estimates of Area and Yield of Principal Crops in India, 1939-40.

APPENDIX IX

Some important assembling markets for certain commodities in the main producing areas.

Commodity.	Main producing areas.	Assembling markets.
Wheat	Punjab	Lyallpur, Amritsar, Okara, Gojra, Sargodha, Jaranwala, Toba Tek Singh, Tandlianwala, Pattoki Chichawatni and Bhalwal.
	United Provinces	Hapur, Chandausi, Muzaffarnagar, Meerut, Ghaziabad, Sitapur, Bahraich, Hathras and Cawnpore.
	Central Provinces and Berar.	Saugor, Raipur, Jubbulpore, Kareli, Pipariya and Damoh.
Rice	Bengal	Hooghly, Burdwan, Mirkadim, Bogabundar, Chittagong, Rohanpur and Bhairab Bazar.
	Madras	Bezwada, Guntur, Coimbatore, Madras, Nellore, Chidambaram, Kuttalam, Tenali and Tadepalligudam.
	Bihar	Muzaffarpur, Jaynagar and Darbhanga.
	United Provinces	Nowgarh, Saharanpur, Bareilly, Pilibhit, Gorakhpur, Basti, Dehra Dun and Haldwani.
	Central Provinces and Berar.	Drug, Raipur, Jubbulpore, Bhatapara and Gondia.
	Assam	Gauhati, Goalpara, Karimganj and Dibrugarh.
Linseed	United Provinces	Allahabad, Ghazipur, Basti, Jhansi, Jalaun, Gonda and Gorakhpur.
	Central Provinces and Berar.	Nagpur, Raipur, Amraoti, Drug and Patharia.
	Bihar	Patna, Bihar Sharif, Darbhanga, Janakpur, Luckeesarai, Buxar and Barh.
	Hyderabad (Deccan)	Gulbarga, Jalna Latur, Sailu, Nizamabad, and Dharmabad.
	Bengal	Chuadanga and Beldanga.
Groundnuts	Madras	Cuddapah, Cuddalore, Vridhachalam, Nandyal, Salem, Bezwada, Guntur, Tirukoilur, Pollachi, Madras, Kurnool, Adoni and Tindivanam.
	Hyderabad (Deccan)	Gulbarga, Raichur, Latur, Warangal Khammam and Jadcherla.
	Bombay	Sholapur, Barsi, Dhulia, Karad, Gadag, Jalgaon, Derol, Sangli and Kolhapur.
Potatoes	United Provinces	Farrukhabad, Haldwani, Dehra Dun, Meerut, Lucknow and Cawnpore.
	Bihar	Patna and Bihar Sharif.
	Bengal	Mamari, Kalna, Tarakeshwar, Mirkadim, Lalmonirhat, Ganj, Sheorafulli, Rangpur and Bogra.
	Assam	Happy Valley, Dorigodown, Jhalupara, Mao, Manplang, Bisma, Jakhma, Khejina and Kohima.
	Bombay	Poona, Ahmedabad, Dharwar, Manchar, Boriavi, Khed, Chakan, Wathar and Belgaum.
Gur	United Provinces	Muzaffarnagar, Meerut, Bareilly, Lakhimpur, Bara Banki, Gola Gokaran Nath, Pili Bhit, Khatauli and Hapur.
	Bengal	Sitabganj and Raj Shahi.
	Punjab	Gurdaspur.
	Madras	Anakapalle, Vellore, Hospet, Trichinopoly and Palghat.
	Bombay	Kolhapur, Sangli, Baramati and Belapur.
	Bihar	Gaya, Bihta and Bhagalpur.
	North-West Frontier Province.	Peshawar and Mardan.

Commodity.	Main producing areas.	Assembling markets.
Eggs	Madras	Bezwada, Calicut, Coconada, Masulipatam, Ongole, Palghat and Pollachi.
	Bengal	Daulatganj, Chittagong, Narayanganj, Serajganj and Murshidabad.
	United Provinces	Bulandshahr, Gorakhpur, Jhansi, Muzaffarnagar and Saharanpur.
	Bombay	Dhalgaon, Kolhapur, Navasari, Pardi and Sangola.
	Bihar	Jamshedpur, Muzaffarpur, Patna, Ranchi and Dinapore
	Hyderabad (Deccan)	Gulbarga.
	Punjab	Jullundur, Lawrencepur, Shah-kote-Malsian, Gujrat and Bhakkar.
	Travancore	Aralmoodu, Chengannur, Chenganacherry, Kottayam and Quilon.
Grapes	Baluchistan	Quetta and Chaman.
	Bombay	Nasik.
Citrus fruits	Madras	Rajahmundry, Tenali, Trichinopoly, Ayyampet, Madras, Kodaikanal, Salem, Calicut, Tellicherry and Palacole.
	Assam	Phali, Sylhet, Shillong, Gauhati, Chhatak, Karimganj and Silchar.
	Central Provinces and Berar.	Nagpur and Katol.
	Punjab	Amritsar, Lahore, Lyallpur, Montgomery, Ferozepur and Sargodha.
	Bombay	Rahuri, Poona, Kolhar, Rajewadi and Sasvad
Coconuts	Madras	Calicut, Badagara, Muthupet, Thambikotta and Ambajipet.
	Travancore	Alleppey.
	Cochin	Trichur and Cochin.
	Mysore	Tiptor and Arsikeri.
Tobacco	Bengal	Rangpur, Cooch Behar, Patgram, Jalpaiguri and Dinajpur.
	Madras	Guntur, Erode, Trichinopoly, Madura and Madras.
	United Provinces	Farrukhabad, Benares, Budaun, Meerut, Bahraich, Moradabad, Lucknow, Biswan and Mainpuri.
	Bihar	Muzaffarpur, Darbhanga, Dalsingsarai, Khajauli and Patna.
	Bombay	Chikodra, Nadiad, Nipani, Sangli, Jaysingpur, Petlad, Anand and Mogri.
Coffee	Mysore	Hunsur and Chikmagulur.
	Coorg	Mercara, Virajpet and Somwarpet.
	Madras	Mangalore, Coimbatore, Tellicherry, Calicut, and Mettupalaiyam.
Jute	Bengal	Chandpur, Narayanganj, Netrokona, Goalund and Serajganj.
	Bihar	Purnea, Kishanganj and Katihar.
	Assam	Sylhet, Madhabpur, Habiganj, Sunamganj, Goalpara, Gauripur, Dhubri, Nowgong, Juria, Palasbari and Barpeta Road.
Hides and skins	Madras	Madras, Bezwada and Ellore.
	Bengal	Calcutta, Dacca, Chittagong and Rangpur.
	Bihar	Sambalpur, Muzaffarpur, Darbhanga and Gaya.
	United Provinces	Meerut, Agra, Bareilly, Cawnpore, Lucknow and Benares.
	Central Provinces and Berar.	Nagpur, Saugor and Jubbulpore.
	Punjab	Lahore, Multan, Amritsar and Kasur.

APPENDIX X

Form of market license issued by the Bombay Municipality.

1937-38.

Bombay Municipality.

Markets and Slaughterhouses Establishment.

License to dealers at the Municipal Markets (under Sections 401 and 479 of the city of Bombay Municipal Act, 1888).

License No..... Date.....

Pursuant to the provisions of Sections 401 and 479 of the city of Bombay Municipal Act, 1888,.....is hereby licensed to sell..... at Stall, Shop or Space No.....in the.....Market for a period of one year commencing on and from the 1st day of April 1937, at the expiration of which period this License will determine and cease to have any operation.

This License is subject to all the restrictions and conditions endorsed hereon, and the fee for such License is one Rupee only.

License Fee, Re. 1 received.

Superintendent of Markets and Slaughterhouses.

Municipal Commissioner.

The following are the restrictions and conditions subject to which this License is granted :—

1. That the Licensee shall pay in advance the amount payable for each quarter within the first fifteen days of the quarter in respect of the use of the Stall or Shop referred to in this License. Such sum shall be paid to the Superintendent of Markets or to such other Officer as may be authorised from time to time by the Municipal Commissioner to receive such payment. The Licensee must obtain a receipt duly signed by the Superintendent of Markets for every such payment, failing which the obligation to make such payment will not be recognised as having been discharged.

2. That if such quarterly payment is not made by the Licensee within the time specified above no License will be issued to him or if one is already issued to him it will be cancelled. The Licensee shall thereupon immediately cease to use or enter upon the Stall or Shop if required so to do by the Municipal Commissioner.

3. That the Licensee shall give not less than one month's notice of his intention to give up the use of the Stall or Shop at the expiration of any quarter for which he shall have paid the aforesaid quarterly amount for such use, failing which, he will be liable for the full amount payable for the succeeding quarter.

4. That the Licensee shall keep in a conspicuous place on the Stall or Shop a board showing his name as the registered holder of this License.

5. That the Licensee shall at all times on demand produce this License to the Municipal Commissioner or the Superintendent of Markets, and any subordinate of the Superintendent of Markets.

6. That the Licensee shall at all times give free access and every facility to the Municipal Commissioner and the Superintendent of Markets and any subordinate of the Superintendent of Markets to enter and examine the Stall or Shop which shall remain under the general control of the Municipal Commissioner.

7. That the Licensee shall use the Stall or Shop solely for the purpose of carrying on there his trade or business of a Dealer and shall not sell there any articles other than those mentioned or described in this License and shall not carry on there any other trade or business except with the written permission of the Municipal Commissioner

8. That this License is not transferable and that the Licensee shall only use the Stall or Shop for the purpose of carrying on there the said trade or business by himself personally or under his immediate personal supervision and direction, and that he shall not let or transfer or part with the use of, or otherwise dispose of the Stall or Shop to any other person or persons.

9. That the Licensee shall at the time of receiving this License register with the Superintendent of Markets, and from time to time during its continuance keep so registered, the name of every servant or other person who may for the time being be employed to assist him in his trade or business at the said Market. Any servant

or other person whose name has not been so registered may at any time be summarily removed by the Superintendent of Markets or any of his subordinates.

10. That the Licensee shall forthwith cease to employ at the said Market any servant or other person whose employment there may be prohibited by the Superintendent of Markets.

11. That no servant or other person, whose name has not been so registered or whose employment has been so prohibited shall on any pretext whatever be permitted by the Licensee to enter the Shop or Stall at the said Market for the purposes of or in connection with the said trade or business of the Licensee.

12. That the Licensee shall not sell any adulterated articles of food in the Market and if detected in doing so his License may at once be suspended or revoked.

13. That the Licensee shall sell only such articles as are in a sound and wholesome condition.

14. That the Licensee shall not without the written consent of the Superintendent of Markets make or permit to be made any structural or other addition or alteration whatsoever to the premises of the Stall or Shop or any part thereof nor affix or attach thereto any fitting or fixture or fastening whatsoever.

15. That the Licensee shall at all times keep in the Stall or Shop suitable, correct and lawful weights, scales, and measures duly verified and stamped as provided by the Bombay Weights and Measures Act, 1932.

16. That the Licensee shall at all times keep the Stall or Shop in a clean and sanitary condition and conduct his Stall in an orderly and proper manner to the satisfaction in all respects of the Commissioner and the Superintendent of Markets, and shall also at all times observe and abide by the provisions of the city of Bombay Municipal Act, 1888, and any statutory modification thereof and all Bye-laws, Rules and Regulations which may from time to time be in force for the regulation of the Market or the conduct of business therein and shall forthwith carry out all reasonable orders of the Superintendent of Markets.

17. That the Licensee shall not except with the written permission of the Municipal Commissioner or the Superintendent of Markets, close or suspend his business carried on at the Shop or Stall for any period exceeding 24 hours.

18. That the Municipal Commissioner shall not be responsible for any loss or damage to the goods of the Licensee by theft, fire, water, or any other cause, accidental, or otherwise howsoever.

19. That if any damage is done to any Municipal property by fire, water or otherwise howsoever through negligence or carelessness of the Licensee or any of his servants, he shall make good the damage entirely at his own expense.

20. That this License may be suspended at any time if the Licensee should contract any contagious disease or have any wound or sore such as to render him an undesirable person to touch articles of food. The License will remain suspended until recovery from such disease or wound or sore.

21. That the Licensee shall not in any way interfere with the business of any other Stall or Shop-holder and will not do or allow any act which will cause annoyance, or hinder anyone in the conduct of business, or which will cause damage to the property of the Municipality or other Stall or Shop-holders.

22. That the Licensee shall not be a party to or concerned in any strike, or join any combination which is likely to prove detrimental to the interests of the Market or cause any inconvenience or any annoyance to the general public.

23. That the Licensee if doing business at the Arthur Crawford Market shall not sell (either wholesale or retail) or expose for sale at the Stall or Shop elsewhere on the Market premises or at any godown at the said market any fruit or vegetable other than such as have passed through the Scale Shed premises, and should he at any time be found to have infringed or evaded this condition he shall (in addition and without prejudice to the Commissioner's right to suspend or revoke this License) be liable on demand to pay the Scale Shed fees which would have been chargeable in respect of any such fruit or vegetable if the same had been taken to the Scale Shed premises. This clause does not apply to potatoes, onions and plantain seller.

24. That the Licensee shall, if dealing in *jàgri* or dates or sugar provide such wire gauze covers in which to expose such goods for sale, as will render them flyproof.

25. That this License may at any time be suspended or revoked by the Municipal Commissioner if the Licensee fails to make any payment herein provided for on the due date, or if any of the restrictions or conditions herein contained is infringed or evaded, or if the Licensee is convicted of an infringement of any of the provisions of the city of Bombay Municipal Act, 1888, or of any Bye-law, or any statutory modification thereof, Rules or Regulations made under the said Act in any matter or thing to which this Licence relates.

26. That a notice to suspend or revoke this License signed by the Municipal Commissioner or the Superintendent of Markets and sent to the Licensee through the post to the Stall or Shop or attached thereto shall be deemed to and shall suspend or revoke this License as the case may be at the expiration of the period named in such notice.

27. That upon the expiration, suspension or revocation of this License, the Licensee shall immediately cease to use or enter upon the Stall or Shop and shall hand over the same to the Municipal Commissioner in a clean condition.

28. The suspension or revocation of the License for any reason shall not prejudice or affect any claim or demand whatsoever of the Municipal Commissioner hereunder or otherwise nor shall the Licensee be entitled in the event of the suspension or revocation of this License to any refund of any payment whatsoever made by him hereunder.

APPENDIX XI

Market Notices.

1. It is recommended that coolies should be paid at the following rates :—

10 Minutes	Two pice.
½ Hour	One anna.
1 Hour	Two annas.
Every succeeding hour or part of an hour . . .	One anna.

2. Coolies for carrying *bazar* purchases are obtainable at all the principal entrances and care should be taken that only coolies bearing number badges are engaged. For the current half-year "A" class coolies have been allowed a khaki coat with Black numbers on a Red badge. "B" class coolies of Hogg Market have Heart Shaped brass number badges with pyramid at the top. Entally Market licensed coolies have Semi-circular brass arm badges.

3. Any complaints about coolies should be made at the Superintendent's Office, giving the number of the cooly.

4. All complaints relating to the conduct of vendors should be made to the Superintendent. No action can be taken where the articles in dispute have been removed from the shop premises or in regard to transactions which are not brought to the notice of the Superintendent at the time of occurrence.

5. To avoid conflicts of statements both as regards the goods purchased and the nature of the sales, customers are requested to insist on getting a voucher, as far as practicable.

6. If goods are taken "on approval", customers are recommended to obtain a voucher to that effect stating the price paid.

7. Any articles lost or found in the market should be reported at the Superintendent's Office.

8. No dogs, bicycles, tricycles or perambulators are allowed inside the market.

9. For the convenience of the public a stand is provided at the south-west corner where the visitors can keep their bicycles in charge of the lessee thereof on payment of a fee of one anna for a bicycle and two annas for motor cycle, the Corporation not having any liability in this connection.

10. Customers are requested that if they suspect any weight used by any vendor of the market to be short, they will bring the matter immediately to the notice of the Superintendent when the weight will be duly tested in the office and the vendor punished if it is found short.

11 The public and the shop-keepers of the market are requested to assist in the mitigation of the beggar nuisance by refraining from giving alms of any description within the market

APPENDIX XII

Number and distribution of 'Futures' Trade Associations in India.

Province or State.	Number of futures trade associations.	Distribution of futures trade associations in different districts and markets.
Bengal . . .	6	Calcutta (6).
Bombay . . .	12	Bombay City (8), East Khandesh : Amalner (1), Kaira : Kapadvanj (1), Ahmedabad (1) and Surat (1).
Central Provinces and Berar.	1	Buldana : Khamgaon (1).
Punjab	105	Ferozepur : Muktsar (6), Fazilka (5), Abohar (4), Giddarbaha (3), Malaut Mandi (3), Moga (1) and Ferozepur Cantonment (1). Hissar : Budhlada (5), Bhiwani (4), Hissar (3), Sirsa (3), Dabwali (2), and Hansi (2). Lyallpur : Gojra (3), Tandlianwala (3), Toba Tek Singh (2), Jaranwala (2), Lyallpur (2) and Chak Jhumra (2). Shahpur : Phullerwan (4) and Sargodha (2). Rohtak : Rohtak (2), Sonepat (2) and Gohana (1). Montgomery : Arifwala (2), Okara (2) and Pakpattan (1). Lahore : Pattoki (3), Lahore (1) and Kasur (1). Multan : Khanewal (2), Mian Channun (2) and Multan City (1). Ambala : Jagadhri (2), Ambala City (1) and Ambala Cantonment (1). Karnal : Kaithal (2), Karnal (1) and Shahabad (1). Gurgaon : Ballabgarh (2) and Farrukhnagar (1). Jullundur : Jullundur City (1), Nakodar (1) and Nawashahr (1). Rawalpindi (2), Sheikhupura : Nankana Sahib (2), Amritsar (1), Gujrat (1), Jhang (1), Ludhiana (1) and Hoshiarpur (1).
Sind . . .	3	Karachi (3).
United Provinces .	39	Meerut : Meerut (3), Gulaothi (2), Hapur (1) and Ghaziabad (1). Bulandshahr : Khurja (2), Bulandshahr (1), Sikandrabad (1) and Dadri (1). Muttra : Muttra (3) and Kosi (2). Muzaffarnagar : Muzaffarnagar (2) and Shamli (1). Moradabad : Chandausi (2) and Moradabad (1). Cawnpore : Cawnpore (3). Aligarh : Aligarh (1) and Hathras (1). Saharanpur : Saharanpur (1) and Deoband (1). Bareilly : Bareilly (2). Etah : Etah (1) and Kasgunj (1). Fatehpur : Bindki (1). Etawah : Bharthna (1). Jalaun : Orai (1). Fyzabad : Fyzabad (1). Dehra Dun : Dehra Dun (1).
States . . .	18	Baroda (6), Hyderabad (2), Gondal (2) Patiala (7) and Sangli (1).
Total India .	184	

APPENDIX XIII.

Broker's slip of the Bharat Krishna Trading Co., Ltd., Okara.

PARCHI DALAL.

MANAGER: THE BHARAT KRISHNA TRADING CO., LTD., OKARA.

Please enter the following transaction in our account.

(*PARCHI* FOR THE BUYER).

No..... Dated .....

Name of the buyer

Commodity

Amount

Date of delivery

Rate

Signature of the buyer

Signature of the dalal

NOTE.—Until the transaction is accepted by the company the parties are mutually responsible for the profit and loss.

PARCHI DALAL.

MANAGER: THE BHARAT KRISHNA TRADING CO., LTD., OKARA.

Please enter the following transaction in our account.

(*PARCHI* FOR THE SELLER).

No..... Dated.....

Name of the seller

Commodity

Amount

Date of delivery

Rate

Signature of the seller

Signature of the dalal

NOTE.—Until the transaction is accepted by the company the parties are mutually responsible for the profit and loss.

THE BHARAT KRISHNA TRADING CO., LTD., OKARA.

(*PARCHI* FOR DALAL'S RECORD.)

No..... Dated .....

Name of the buyer

Name of the seller

Commodity

Amount

Date of delivery

Rate

Signature of the buyer

Signature of the seller

Signature of the dalal

APPENDIX XIV.

Seller's Position Form.

Tele. Address. *Telephone No.*

THE BHARAT KRISHNA TRADING CO., LTD.,

OKARA .....

No..... (Montgomery).

To Messrs. .....

.....

.....

Dear Sirs,

We confirm having sold by you the undermentioned goods Okara delivery at the rates mentioned below. It is subject to the terms of your usual agreement with us which you have already accepted.

Contract No.	No. of bags.	Commodity.	Rate per Md.	Delivery.	Broker's Name.	Broker's Parchi No.	Remarks.
			Rs. A. P.				

FOR THE BHARAT KRISHNA TRADING CO., LTD.

Seller's Signature. *Manager.*

APPENDIX XV.

Buyers' Position Form.

Tele. Address *Telephone No.*

THE BHARAT KRISHNA TRADING CO., LTD.,

No..... OKARA.....194

(Montgomery).

To Messrs.....

.....

.....

Dear Sirs,

We confirm having bought by you the undermentioned goods Okara delivery at the rates mentioned below. It is subject to the terms of your usual agreement with us which you have already accepted.

Contract No.	No. of bags.	Commodity.	Rate per Md.	Delivery.	Broker's Name.	Broker's Parchi No.	Remarks.
			Rs. A. P.				

FOR THE BHARAT KRISHNA TRADING CO., LTD.

Buyer's signature. *Manager.*

APPENDIX XVI.

A typical form of contract for "futures" at Lyallpur.

A typical form of contract for "futures" trading is adopted by the Sham Chamber, Ltd., at Lyallpur, the more important features of which provide for the observance of the following conditions :—

(*a*) All contracts to be in writing and delivery at Lyallpur.

(*b*) Deposits to be paid as margin money to the company within 48 hours of completion of the transaction at Rs. 1-8-0 per bag in the case of wheat and gram.

(c) In the event of the traders failing to deposit the necessary margin money, the chamber has the option either to cancel the contract or to allow it to run at its own discretion. In the latter case the chamber is empowered to settle the contract at any time, at the responsibility of the party concerned.

(*d*) After payment of the schedule margin it is the duty of the buyer and seller to ensure that the chamber is always in possession of sufficient margin of deposits to cover possible losses. In the event of the traders failing to deposit extra margin money the company is entitled to sell or settle contracts at their (traders') responsibility.

(*e*) The sellers are obliged to issue delivery orders for all transactions from the first to the fifteenth day (up to 2 P.M.) of the delivery month. The goods must be weighed over within nine days of the issue of delivery order—during the first four days at the option of the buyer and during the last five days at the option of the seller. In other words, the seller must complete delivery of goods from the 5th to the 9th day after the issue of delivery order. If during delivery the goods are rejected, the seller is required to tender goods of the stipulated quality within the specified period. If the goods are rejected second time or if the seller fails to comply with the contract, then the chamber can either purchase goods on his behalf for delivery or can settle the contract at the responsibility of the seller. On the other hand if delivery of the approved goods is not taken within time the chamber is liable to pay rent at the rate of Re. 0-0-3 per bag per day and interest at the rate of 9 per cent per annum to the seller after the due date.

(*f*) The buyers are responsible to have their purchases weighed over within the time limit after the receipt of the delivery order from the Chamber, and weighments are to commence two hours after the goods have been approved. In the event of the buyers failing to take delivery, the chamber has the right to sell the goods or settle the contract at the responsibility of the buyer. If the approved goods are not taken over by the buyer within the time limit they are responsible for the payment of rent at the rate of Re. 0-0-3 per bag per day and interest at 9 per cent per annum to the chamber after the due date.

From the sixteenth to the twentieth day of the delivery month the buyer may issue the letter of demand to the chamber for the balance of transactions as struck on the fifteenth day.

(*g*) The quantity of each commodity offered for delivery is not to exceed two hundred bags daily. No deliveries shall be effected on rainy or very cloudy days. Such days are not to be considered as working days.

(*h*) After the goods have been weighed over the buyers may remove the goods the same day after payment of the full price thereof *plus* the recognized market charges, failing which the buyer will have to pay rent at the rate of Re. 0-0-3 per bag per day and interest at the rate of 12 per cent per annum. Payments to be made at Lyallpur.

(*i*) The production of any country other than India shall not be tenderable.

(*j*) Scale of allowances and deductions :—

Refraction.	Free tolerance.	Rejection limit.	Rate of deductions.
	Per cent	Per cent	
Dirt* and extraneous matter	1½	2	At full value.
Barley* and gram	2	2½	At half value.
Shrivelled grains	1	..	..
Slightly damaged	2	..	..
Red wheat	25	..	..
Weevilled grain :—			
Har		¼	At full value.
Sawan		1	At quarter value.
Bhadon		2	Ditto.
Asuj		3	Ditto.
Katak		4	Ditto.
Maghar-Magh		5	Ditto.
Phagan-Baisakh		6	Ditto.

* Mutual basis.

(*k*) The goods are to be hand-cleaned for weighment. During *Har* the goods shall be weighed by means of beam scale and during the rest of the year by hand scale.

(*l*) The packing shall be 2 maunds 20 seers per bag. The tare of the empty bag shall be taken as 3 lb.

(*m*) The results of the analysis as conducted in the office of the chamber shall be final.

(*n*) Disputes regarding delivery shall be decided by two arbitrators, one to be appointed by the aggrieved party and the other by the chamber. Arbitrators shall be appointed from the Directors of Chamber. If the two arbitrators differ in their judgment they may appoint a third one from among the Directors as their chairman failing which the chairman of the Board of Directors will appoint the third one. The award of majority will be binding.

(*o*) Disputes regarding transactions of payments shall be decided under Indian Arbitration Act, 9 of 1899, by two arbitrators selected from the shareholders of the chamber, one chosen by the aggrieved party and one by the chamber. Arbitration fees to be paid by the losing party. If the two arbitrators do not agree in their award, the third arbitrator (who will act as a chairman) may be appointed from among the Directors in the same manner as described in (*n*) above.

(*p*) Adjustments of profit and loss to or from the buyer or seller shall be made after transactions have been finally adjusted.

(*q*) Interest to be paid at 6 per cent per annum on the margin money during the whole period and on the amount of profit or loss for the period between the contract date and the date of settlement of the transaction.

(*r*) The minimum unit of transaction is 100 bags, if the transaction involves a large quantity the minimum quantity offered for delivery at any one time shall not be less than one unit of transaction.

(*s*) The chamber is entitled to charge at the rate of Re. 0-4-0 per Rs. 100 as commission including brokerage, *dharmao*, *gaushala*, etc., on all sales and purchases.

APPENDIX XVII.

*Standard tolerances in White Wheat contracts as finally agreed to at the Grain and Oilseeds Conference—April 1938.**

	Basis.	Deductions.	Rejection.	Remarks.
Dirt	1½ per cent mutual at full value.	Over 1½ per cent to 3 per cent at full value. Over 3 per cent to 5 per cent at full value *plus* cleaning charges to buyers at Rs. 3 per 100 bags.	Over 5 per cent buyer's option.	This does not preclude sellers from cleaning the goods before delivery, subject to the mutual agreement of the parties concerned.
Barley	2 per cent mutual at half value.	Over 2 per cent to 6 per cent at half value. Over 6 per cent to 10 per cent at full value.	Over 10 per cent	
Damaged	Basis 1 per cent free	Over 1 per cent to 2 per cent at half value. Over 2 per cent to 3 per cent at full value.	Over 3 per cent rejection at buyer's option.	
Slightly damaged	Basis 2 per cent free	Over 2 per cent to 4 per cent at one-fourth value. Over 4 per cent to 6 per cent at half value.	Over 6 per cent rejection at buyer's option.	
Shrivelled	Basis 1 per cent free	Over 1 per cent to 4 per cent at one-fourth value. Over 4 per cent to 6 per cent at half value.	Over 6 per cent rejection at buyer's option.	
Weevilled—				
New crop to end of—				
May	Nothing free	....	The presence of any weevilled grain in new crop wheat entitles the buyer to reject.	
June	Ditto	Up to ¼ per cent at full value	Over ¼ per cent	
July	Ditto	Up to ¼ per cent at one-fourth value. Over ¼ per cent to ½ per cent at full value.	Over ½ per cent	

* For subsequent amendments please see page 75 of this report.

———	Basis.	Deductions.	Rejection.	Remarks.
August . .	½ per cent free .	Over ½ per cent to 1 per cent at one-fourth value . .	Over 1 per cent	
September .	1 per cent free .	Over 1 per cent to 2 per cent at one-fourth value .	Over 2 per cent	
October . .	1½ per cent free .	Over 1½ per cent to 3 per cent at one-fourth value .	Over 3 per cent	
November .	1½ per cent free .	Over 1½ per cent to 4 per cent at one-fourth value .	Over 4 per cent	
December .	1½ per cent free .	Over 1½ per cent to 4 per cent at one-fourth value. Over 4 per cent to 5 per cent at half value.	Over 5 per cent	
January . .	2 per cent free .	Over 2 per cent to 4 per cent at one-fourth value. Over 4 per cent to 5 per cent at half value.	Over 5 per cent	
February to New Crop.	2 per cent free .	Over 2 per cent to 4 per cent at one-fourth value. Over 4 per cent to 6 per cent at three-fourths value.	Over 6 per cent	
Red wheat .	20 per cent non-mutual.	At ½ pie per maund per cent	....	

Tenderable Wheat.—The wheat tendered shall be any common white wheat of the current season (to be specified) produced in the Punjab, N.-W. F. P., Sind, the United Provinces and Rajputana, excluding the district of Fyzabad and all stations on the East Indian Railway east of Cawnpore and all stations on the Bengal and North-Western Railway east of Bara Banki. Soft *Pissi* wheat grown in the Jhansi, Jalaun, Banda and Hamirpur districts of the United Provinces, common soft white wheats produced in the Central Provinces and in the States of Gwalior, Indore, Bhopal and Kotah and all *durum* wheats shall be excluded. The produce shall be sound, dry and in merchantable condition and not lower than fair average quality.

Schedule of districts tenderable in the United Provinces.—Meerut, Muzaffarnagar, Saharanpur, Dehra Dun, Bulandshahr, Etah, Etawah, Farrukhabad, Mainpuri, Sitapur, Moradabad, Bareilly, Shahjahanpur, Hardoi, Aligarh, Muttra, Agra, Budaun, Bijnor, Rampur State, Pilibhit, Kheri and certain stations in the Cawnpore, Unao and Lucknow districts (to be named subsequently).

Unit of Quotation.—Per railway maund of 82 2/7 lb.

Minimum Unit of Transaction for Future Trading.—500 maunds.

Months of Delivery.—May, July, September, November, January and March.

Bags.—New B. Twills (2¼ lb.)—Cost to be included in quotations for the produce.

* For subsequent amendments please see page 75 of this report.

APPENDIX XVIII.

*Terms of all-India Standard Contract for linseed.**

Types :—The Standard Contract terms shall apply to two types, *viz.*, 'Bold' and 'Small' Linseed.

Bold Linseed.—Basis 125 grains per gramme with mutual allowances to buyer or seller respectively, for every grain more or less than 125 grains per gramme at 0·15 per cent of the contract price with a maximum allowance of 3 per cent to the buyer and 1·5 per cent to the seller. Buyer shall have the option to reject if the tender contains more than 145 grains per gramme.

Small Linseed.—Basis 160 grains per gramme with mutual allowances to buyer or seller respectively for every grain more or less than 160 grains per gramme at 0·15 per cent of the contract price with a maximum allowance of 4·5 per cent of the contract price to the buyer and 2·25 per cent. to the seller.

Refraction† basis	4 per cent with mutual allowances up to 9 per cent. Over 9 per cent cleaning charges to be paid by seller at Rs. 3-8 per 100 bags *plus* allowance at full value.
Foreign matter (dirt, dead seeds and all non-oleaginous impurities).	To be treated as dirt, *i.e.*, valueless and included in refraction.
Other oilseeds (oleaginous impurities) . .	Oilseeds other than linseed (except castor seed) to be reckoned as half dirt up to 2 per cent and full dirt over 2 per cent. Castor seed to be treated as dirt.
Damaged seeds (externally and internally discoloured).	Up to 6 per cent to be reckoned as half dirt, over 6 per cent to 8 per cent at three-fourths dirt and over 8 per cent as full dirt.
Slightly damaged or touched seeds (externally discoloured).	1 per cent free. Any excess to be reckoned as one-fourth dirt.
Unit of quotation	Per maund of 82 2/7 lb.
Bags	New B-Twill bags (2¼ lb.).
Minimum unit of transactions for " futures " .	500 maunds. (Except for Calcutta where the minimum unit is 250 maunds).
Delivery months for " futures " transactions .	May and September.

*For subsequent amendments please see page 75 of the report.

† Refraction includes dirt and that proportion of other oilseeds and damaged and slightly damaged seeds, which is treated as dirt.

APPENDIX XIX.

Terms of all-India Standard Contract for groundnuts (kernels for crushing) embodying amendments suggested at the meeting held at Bombay on 8th February 1941.

1. *Types.*—

Standard contract terms for groundnuts shall apply to the following types—

1. Khandesh	Consisting of small round kernels grown in East and West Khandesh districts.
2. Khandesh quality (Peanuts) . .	Consisting of small round kernels grown in any part of India other than East and West Khandesh districts.
3. Bold*	Consisting of large long kernels grown in any part of India.
4. Superior Bold	Consisting of large long kernels grown in Kathiawar.
5. Coromandel	Consisting of medium long kernels.
6. Red Natal	Consisting of round thick red kernels.

II. Description.—

The kernels shall be fair average quality of the season, true to type.

III. Condition.—

The groundnuts shall be in a thoroughly dry condition. Goods showing signs of moisture shall be dried and the loss in weight and expenses incurred in drying shall be borne by the seller.

When the driage cannot be amicably settled, the following procedure shall be adopted.

A representative sample of the kernels shall be exposed to the sun for an hour in single layers in trays made of material which is non-conductor of heat. The loss in weight due to drying shall be borne by sellers and when the loss in weight exceeds 1¼ per cent, an additional reconditioning charge at Rs. 3-8-0 per 100 bags shall also be payable by sellers.

*Includes Karad quality loaded at stations on M. S. M. railway between Poona and Gokak Road.

IV. Refraction and allowances.—

* Refraction	Basis 4 per cent with mutual allowances. Excess over 4 to 8 per cent proportionate allowance at full value to buyer. Over 8 per cent proportionate allowance at full value *plus* cleaning charges at Rs. 3 per 100 bags.
Nuts in shell	Nothing free. Up to 10 per cent by weight of nuts in shells, the amount of shell present shall be calculated and reckoned as dirt. Excess over 10 per cent up to 15 per cent by weight of nuts in shell, 1½ times the weight of shell shall be reckoned as dirt. Over 15 per cent, rejection at buyers' option.
†Damaged kernels	2 per cent free. Excess over 2 per cent up to 4 per cent to be reckoned as one-fourth dirt. Excess over 4 per cent up to 10 per cent to be reckoned as half dirt. Over 10 per cent rejection at buyer's option.
‡Splits	25 per cent free. Excess over 25 per cent to be reckoned as one-sixteenth dirt.
§Broken kernels	10 per cent free. Excess over 10 per cent to be reckoned as one-eighth dirt.
‖ Nooks	5 per cent free. Excess over 5 per cent up to 10 per cent to be reckoned as one-fourth dirt. Over 10 per cent rejection at buyer's option.
Shrivelled kernels (dead seeds)	2 per cent free. Excess over 2 per cent to be reckoned as one-fourth dirt.
Admixture of different types :—	
Red Natal in Khandesh quality	5 per cent free. Excess over 5 per cent up to 10 per cent. to be reckoned as one-eighth dirt. Over 10 per cent rejection at buyer's option.
Red Natal in any other type	1 per cent free. Excess over 1 per cent upto 5 per cent to be reckoned as one-eighth dirt. Over 5 per cent rejection at buyer's option.
Any type (except Red Natal) in any other type.	5 per cent free. Excess over 5 per cent up to 10 per cent to be reckoned as one-eighth dirt. Over 10 per cent rejection at buyer's option.
Presence of castor seed	Nothing free. The presence of traces of castor seed or husk will give the buyer option to clean at seller's expense subject to a maximum cleaning charge¶ for handpicking at two annas per bag.

Rejection conditions :—

(*a*) When nuts in shell exceed 15 per cent.
(*b*) When damaged kernels exceed 10 per cent.
(*c*) When nooks exceed 10 per cent.
(*d*) When the total of splits, broken kernels and nooks, exceeds 50 per cent.
(*e*) When the admixture of Red Natal exceeds 10 per cent in Khandesh quality or 5 per cent in any other type, or when the admixture of any type other than Red Natal in any other type exceeds 10 per cent.

V. Miscellaneous.—

Units of quotation.—Maund (82 2/7 lb.) or cwt. (112 lb.).

Months of delivery for "futures".—February, March, May, June, August and September.

Minimum unit of transaction for "futures"—500 maunds or 25 tons.

Gunnies.—New B. Twill bags.

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*Refraction includes dirt, stones, shell, other seeds, foreign matter *plus* such proportions of nuts in shell, damaged kernels, splits, broken kernels, nooks and shrivelled kernels as are reckoned as "dirt".

†Damaged includes kernels internally damaged and slightly damaged.

‡Kernels broken lengthwise in two halves only.

§Kernels smaller than splits but bigger than nooks.

‖Pieces 1/16th or less than 1/16th of a kernel.

¶Only one cleaning charge may be made in respect of any one lot of goods although cleaning may be necessary on various accounts, namely condition, refraction and presence of castor seed.

APPENDIX XX

Terms of Standard Contract for handpicked selected groundnuts (kernels and nuts in shell).

KERNELS.

Definition.—Handpicked selected groundnut Kernels shall be dry and reasonably uniform in size.

Grades.—Handpicked selected kernels:

Special Bold—			
No. 1	Having a count of	32/34	kernels per ounce.
No. 2	Do.	34/36	do.
No. 3	Do.	36/38	do.
No. 4	Do.	38/40	do.
No. 5	Do.	40/42	do.
Ordinary Bold—			
No. 1	Do.	42/45	do.
No. 2	Do.	45/48	do.
No. 3	Do.	48/50	do.
Peanuts (Java type)—			
No. 1	Do.	70/75	do.
No. 2	Do.	75/80	do.

Allowances.—

Excess kernels per ounce :—

Special Bold.—For every kernel in excess of the lower size limit fixed for the grade, allowance at 4 annas per cwt. Buyer's option to reject if the kernels exceed the lower limit by more than 2.

Ordinary Bold.—For every kernel in excess of the lower size limit fixed for the grade, allowance at 2 annas per cwt. Buyer's option to reject if the kernels exceed the lower limit by more than 3.

Peanuts (Java type).—For every kernel in excess of the lower size limit fixed for the grade, allowance at 1 anna per cwt. Buyer's option to reject if the kernels exceed the lower limit by 5.

Impurities.—

Up to 1 oz. in a bag.—No allowance.

Over 1 oz. to 2½ oz. in a bag.—Cleaning charge* at 1½ annas per bag.

Over 2½ oz. in a bag.—Buyer's option to reject.

Damaged† and slightly damaged kernels.—

Up to 1 oz. in a bag.—No allowance.

Over 1 oz. to 2 oz. in a bag.—Excess over 1 oz. to be reckoned of no value.

Over 2 oz. to 4 oz. in a bag.—Cleaning charge* at 1½ annas per bag.

Over 4 oz. in a bag.—Buyer's option to reject.

Skinned‡ kernels.—

Up to 5 oz. in a bag.—Free.

Over 5 oz. in a bag.—Cleaning charge* at 1½ annas per bag.

Broken (including split) kernels.—

Up to 1 oz. in a bag.—No allowance.

Over 1 oz. to 2 oz. in a bag.—Cleaning charge* at 1½ annas per bag.

Over 2 oz. in a bag.—Buyer's option to reject.

Packing.—New B. Twill bags containing 177 to 185 lb. net each.

If packed in any other bags, the bags shall be returned to the seller, who shall supply or pay the cost of New B. Twill bags together with a repacking charge at 1 anna per bag.

Unit of quotation.—Hundredweight.

NUTS IN SHELL.

Definition.—Handpicked selected groundnuts in shell shall be dry and reasonably uniform in size with outwardly two well defined sections in each nut. The shell shall be clean, bright and of whitish colour.

Grades.—Handpicked selected groundnuts in shell :—

Bold	Having a count of	13/14	nuts in shell per ounce.
Small	Do.	17/19	do.

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*The Buyer shall be entitled to only one cleaning charge.

†For ascertaining "damaged" kernels, the Buyer shall break only those which are drawn out by him.

‡Kernels which have lost the thin red skin covering.

Allowances.—

Excess nuts per ounce.—

Bold	For every nut in excess of the lower limit, allowance at 4 annas per maund calculated to the nearest one-fourth of a nut. Buyer entitled to reject, if the nuts exceed the lower limit by more than 1.
Small	For every nut in excess of the lower limit, allowance at 2 annas per maund calculated to the nearest one-fourth of a nut. Buyer entitled to reject if the nuts exceed the lower limit by more than 1.

Impurities.—

Up to 2 oz. in a bag of 72 lb. net in case of Bold and 82 lb. in case of Small .	Free.
Over 2 oz.	Seller to clean or pay cleaning charge as 2 annas per bag at seller's option.

Empty and broken nuts in shell.—

Shell from empty and broken nuts up to ½ oz. in a bag.	Free.
Over ½ oz. to 2 oz. in a bag . . .	Excess over ½ oz. reckoned at half value.
Over 2 oz. to 4 oz. in a bag . .	Excess over 2 oz. reckoned of no value.
Over 4 oz. in a bag	Rejection at buyer's option.

Discoloured and damaged nuts in shell.—

Up to 1 per cent	Free.
Over 1 to 2 per cent	Excess over 1 per cent reckoned at half value.
Over 2 to 5 per cent	Excess over 2 per cent reckoned of no value.
Over 5 per cent	Rejection at buyer's option.

NOTE.—The discoloured nuts shall include nuts which have excess of adhering earth. The damaged nuts shall include nuts mechanically damaged and nuts damaged by insects.

Packing.—

Bold	Clean sound gunny bags 72 lb. net.
Small	Clean sound gunny bags 82 lb. net.

Unit of quotation.—Hundredweight.

APPENDIX XXI.

Constitution of some market committees in certain provinces and States.

Name of the Committee.	Number of representatives of			No. of members nominated or appointed by the Government.	Total No.	Remarks.
	Growers.	Traders.	Local bodies.			
PROVINCES.						
Madras—						
Bezwada Tobacco Market Committee.	3	2	1	1	7	
Guntur Tobacco Market Committee.	4	3	1	1	9	
South Arcot Groundnut Market Committee, Cuddalore.	4	3	1	1	9	
Tiruppur Cotton Market Committee.	5	4	1	2	12	
Central Provinces—						
Amraoti . . .	4	4	3	..	11	
Bombay—						
Jalgaon Cotton Market Committee.	5	5	1	3	14	
Bailhongal Cotton Market Committee.	5	5	1	3	14	
Dhulia Cotton Market Committee.	7	5	1	2	15	
STATES.						
Hyderabad —						
Raichur . . .	6	4	1	1	12	
Gwalior—						
Pachar *Mandi* . .	2	6	1	..	9	

APPENDIX XXII.

List of markets regulated in the various provinces and States.

Province or state.	Names of regulated markets.	
*Madras**	(1) Tiruppur (2) Adoni (3) Nandyal	for cotton.
	(4) Tindivanam (5) Vridhachalam (6) Tirukoilur (7) Ulundurpet (8) Cuddalore (9) Villupuram	for groundnuts.
	(10) Guntur (11) Mangalagiri (12) Ongole (13) Parchur (14) Chilakaluripet (15) Tadi Konda and (16) Bezwada.	for tobacco.
Central Provinces†	(1) Chanda (2) Warora (3) Hinganghat (4) Arvi (5) Pulgaon (6) Deoli (7) Wardha (8) Sindi (9) Akola (10) Akot (11) Murtizapur (12) Karanja (13) Basim (14) Telhara (15) Chikhli (16) Pimpalner near Deulgaon Raja (17) Mehkar (18) Nandura (19) Khamgaon (20) Shegaon (21) Jalgaon (22) Amraoti (23) Chandur (24) Dattapur (25) Wanosa (Daryapur) (26) Anjangaon (27) Warsor (28) Yeotmal (29) Darwha (30) Pandharkora (31) Wun (32) Pusad (33) Ghatanji (34) Digras (35) Umarkhed (36) Bori Buzruk in Darwat *taluk*.	for cotton.
	(37) Malkapur	for cotton and grains.
	(38) Ellichur Civil Station (39) Dhamangaon	for grains.
Bombay	(1) Dhulia (2) Amalner (3) Jalgaon (4) Dondaicha (5) Baramati (6) Bailhongal (7) Bijapur	for cotton.
Hyderabad	(1) Latur (2) Jalna (3) Sailu (4) Nander (5) Umri (6) Warangal (7) Aurangabad (8) Raichur (9) Hingoli (10) Adilabad (11) Partur (12) Badepally (13) Khammam (14) Nizamabad (15) Bhainsa (16) Pedapalli (17) Suryapet (18) Bhongir (19) Gulbarga (20) Bidar (21) Dharmabad (22) Purli.	for cotton, groundnuts and grains.
Gwalior	(1) Lashkar (2) Gwalior (3) Morar (4) Dabra (5) Bhind (6) Bhander (7) Morena (8) Sabalgarh (9) Sheopur (10) Shivpuri (11) Guna (12) Pachar (13) Mungaoli (14) Bhilsa (15) Basoda (16) Gulabganj (17) Ujjain (18) Sonkach (19) Barnagar (20) Khachrod (21) Nagda (22) Shajapur (23) Shujalpur (24) Kalapipal (25) Akodia (26) Susner (27) Agar (28) Nalkheda (29) Mandsaur (30) Jawad (31) Baghana (32) Suvasra (33) Manawar (34) Amjhera (35) Bagh (36) Rajgarh	for agricultural produce.
Baroda	(1) Bodeli (2) Amreli	for cotton and groundnuts.

*List of places where market yards have been opened by the market committees.

†The cotton and grain markets given here are now regulated under the C. P. and Berar Cotton Market Acts of 1932 and the C. P. and Berar Agricultural Produce Market Acts of 1935, respectively. In addition to these, there are some markets under municipal control.

APPENDIX XXIII.

Form of the daily market report issued by the Tiruppur Cotton Market Committee.

THE DAILY MARKET REPORT.

(T. C. M. News).

Tiruppur, Tuesday, 20th February 1940.

Vol. IV No. 48.

MARCH DELIVERY.

	New York.		Liverpool.	
On 19th February 1940.				
Previous closing	11·03		7·93	
Opened	11·00		7·93	
Highest	11·3	Unchanged	7·93	Down 14
Lowest	10·98		7·78	
Closed	11·03		7·79	

	Opened.	Closed.
New York	3 down.	Unchanged.
Liverpool	Unchanged.	14 down.
Cross rate	Dollar-Sterling (Opening).	3·95 3/8

Bombay Market on 19th February 1940.

BROACH.

Day.		Night.	
A/M	J/A.	A/M.	J/A.
Market Closed.			Market Closed.
Forecast. 259/(A/M.)			268-(J/A.)

Published by S. S. Katchapeswaran,

Secretary,

For the Tiruppur Cotton Market Committee, Tiruppur.

APPENDIX XXIV.

Form of the license issued under the Madras Commercial Crops Markets Act.

No. ..... of.....

LICENCE UNDER SECTION 4 OF THE MADRAS COMMERCIAL CROPS MARKETS ACT, 1933. (ACT XX OF 1933).

Under sub-section (1) of section 4 of the Madras Commercial Crops Markets Act, 1933 (Madras Act XX of 1933) Sri. / Mr. / Messrs. .....

.....

is / are hereby granted a licence to set up, establish / continue premises described in the Schedule below and situated in.....the area notified in the said sub-section of section 4 of the Act as a place / places for the purchase, sale, storage, weighment, pressing and / or processing of ..... for ....a period of ..... from the ..... of 194 in accordance with the provisions of the Act, the Madras Commercial Crops Market Rules and the bye-laws made thereunder by the ....Market Committee. This license shall not be transferable.

Dated the ..... of .....194 .

Collector.

Schedule of Places licensed.

Serial No. (1)	Name of *taluk*. (2)	Name of town or village. (3)	Ward and Block No. (4)	Revenue or town Survey No. (5)	Name of street. (6)	Door number. (7)

Description of premises. (8)	Boundaries.			
	North. (9)	East. (10)	South. (11)	West. (12)

Collector.

GLOSSARY OF INDIAN TERMS.

A

Ardh kumbha.—A religious congregation of Hindus at sacred places on river banks held every 12 years (in between two *arda kumbhas* a congregation of greater sanctity called *kumbh* is also held).
Arhar.—A kind of pulse (*cajanus indicus*).
Arhat, adat.—Commission and the business carried on by commission agents.
Arhatiya.—Commission Agent.
Arora.—A sub-caste of Hindus mainly engaged in business.
Ata.—Flour.

B

Bahangi.—A pole the ends of which are connected by ropes to a contrivance for carrying loads, the pole being balanced on the shoulder.
Bahi.—An account book of an indigenous type of business man.
Baisakhi.—A Hindu festival falling on the first of *Baisakh*—the second month of the Hindu calendar (April-May).
Bajri.—A type of millet (*Pennisetum typhoideum*).
Bamboo, boma.—An open-end spear used for drawing samples from bagged grain or seed.
Banjaras, vanjaras.—A class of livestock traders.
Barhaya.—A primary unit of measure in the Central Provinces.
Bazar.—Oriental market.
Bhar.—A load.
Bhusa, bhoosa.—Straw, husk.
Bidi.—An indigenous cigarette made by wrapping powdered tobacco in a leaf of a tree (*Diospyrus*).
Biyana, sai.—Earnest money.
Bojah.—Literally load; a unit of sale.
Borah.—A big container made of gunny cloth sometimes used for transporting unpressed cotton.

C

Chabutra.—A terrace, a raised and levelled piece of ground.
Chhatank.—1/16th of a seer.
Chithi.—Letter.
Chowdhry.—Headman, leader, spokesman, an important merchant in a market nominated by local authorities to represent the various functionaries in the market.

D

Dalal.—Broker.
Dalali.—Brokerage.
Dami.—A sort of commission paid by the buyer.
Dara.—A section of a fair ground.
Dara sale.—A system of sale by which a number of heaps of a particular produce at an *arhatiya's* shop may be sold at a flat rate.
Daroga.—Market supervisor.
Darshani hundi.—A sight draft.
D. wali.—A Hindu festival occurring in the month of November when illuminations take place on a large scale.
Dhalta.—Draftage or weighment allowance in favour of buyer.
Dharmada, Dharmao.—A deduction for charity.
Dholis.—A class of low caste people.

F

Fakir.—Beggar.
Falgan.—The last month Hindu calendar (February-March).
Fatka.—Speculative business.

G

Gaddies.—A nomadic tribe associated with sheep breeding.
Ganda.—Literally set of four; the term is used to mean an anna in East United Provinces and adjoining parts of Bihar.
Ganj or *gunj.*—A grain market.
Gaoshala or gowshala.—An institution providing shelter for old decrepit and invalid cows.
Goalas or *gowalas.*—One who maintains milch cattle for the sale of milk.
Gonta.—A Bihar and Orissa measure
Gwiars.—See *goalas*
Gulla tobacco.—Lower grades of tobacco.
Gur.—Unrefined sugar.

H

Halwai.—An indigenous confectioner.
Hammal.—Market labourer.
Hammali.—Wages charged by *hammal.*
Hartal.—Strike.
Hat.—A periodical market.

Hath-Hathha.—System of quoting prices under cover of a piece of cloth.
Hookah.—Indian smoking pipe.
Hundis.—Bills of exchange or draft.

Ijaradar.—A contractor of land.

Jat.—A caste of cultivators.
Jatra.—Pilgrimage.
Jowar.—One of the inferior millets (*Sorghum Vulgare*).

K

Kachcha.—Literally "raw" and "unfinished". The term has a wide range of meanings, *e.g.*, a *kachcha* road is an unmetalled road, a *kachcha* weight usually implies a non-standard weight and a *kachcha arhatiya* is a commission agent who arranges the sale of produce arriving from rural areas.
Kal.—To-morrow.
Kangan.—A primary unit of measure in the Central Provinces.
Kanya patshala.—Girls' school.
Kapu.—A community in Southern India.
Karda.—Impurities or foreign matter; also allowance for the same.
Kapas.—Seed cotton.
Kasais.—Butchers or traders in slaughter stock.
Kata.—A Bihar and Orissa grain measure.
Katha.—A Central Provinces grain measure.
Kawar.—See *bahangi.*
Khanar, khanewala.—Literally "eater"; one who accepts the premium in a *teji-mandi* transaction.
Khandy.—A unit of sale.
Kharif.—Autumn.
Khasmahal.—Government owned.
Khattis.—Pits or dugouts used for storing grain.
Konta.—A unit of measure in Bihar and Orissa.
Kothas.—Rooms in which produce is stored, also living rooms.
Kumbha.—See *Ardh kumbha.*
Kuros.—A Central Provinces measure.

L

Lagandar, langancwala.—One who pays the premium in a *teji-mandi* transaction.
Labanas.—A sub-caste of Hindus.

M

Mandis.—Markets.
Masur.—Lentil (*Lens esculenta*).
Mathurias.—A community of stock breeders
Maund.—A unit of weight, usually equal to 40 seers.
Mehr.—A class of low caste people.
Mela.—A fair.
Moong.—A kind of pulse (*Phaseolus Mungo*).
Muddat.—Literally "period". A deduction made by the *arhatiya* to cover the loss of interest on money which he pays to his seller client in advance of the payment received from the buyer.
Munim.—A clerk.
Mungphali.—Groundnuts.
Moharrirs.—Writers
Muddati-hundi.—A bill of exchange drawn for a specified period.

N

Nag.—A local unit of weight in Hyderabad for *kapas* and groundnut.
Nazrana.—Literally "present". Premium in a *teji mandi* transaction.
Note batta.—Deduction made for making payment in silver instead of currency notes.

O

Odes.—A nomadic tribe of sheep and goat breeders.

P

Pala.—A grain measure used in the United Provinces and Bihar.
Pali (Pai, Chowthia, barhava and kangan).—A Central Provinces measure.
Painth.—A periodical market.
Palledar.—A market labourer.
Palledari.—Wages of a *palledar.*
Panchayat.—A body of persons elected or selected as arbitrators.
Panches.—Members of a *Panchayat.*
Parchi.—Slip.
Parchi nawis.—One who writes slips.

Parkhi.—A sampler; an instrument for drawing samples from bags.
Pathan.—A caste of Muslims.
Pathshala.—A primary school.
Pinjrapole.—See *gaoshala.*
Pothi.—A load, a unit of sale; also a book.
Pucca.—Literally "ripe" and "finished". The word has a wide range of meaning; *e.g.*, a *pucca* road is a metalled road, a *pucca* weight usually implies standard weight and a *pucca arhatiya* is a commission agent who usually does business on behalf of outstation clients.

R

Rabaris.—A class of professional shepherds.
Rabi.—Spring.
Rahdari.—A chit showing the *bona fides* of a person taking an animal from one place to another or a slip issued by an octroi or terminal tax post at the time of entry of taxable produce within municipal limits passing through a town, to be handed over at the octroi or terminal tax post at the other end of the town.
Rajputs.—A caste of Hindus as well as Muslims.
Raos.—A caste of Hindus.
Rashas.—A class of slaughterstock dealers.
Rawanna.—Pass, permit.
Rayakas.—See *rabaris.*
Reddis.—A community in Southern India.

S

Sadhu.—A beggar, a religious person.
Sai.—Earnest money.
Sarson.—An oilseed belonging to the Mustard and Rapeseed group (*Barassica Campestris*).
Salami.—Literally "salutation".
Satta.—Speculation, gambling.
Serai.—A halting place, an inn.
Shagird.—Pupil, apprentice.
Shandies.—Periodical markets.
Shakkar.—Powdered *gur* (unrefined sugar).
Sheikhs.—A caste of Muslims.
Shroffs.—Indigenous bankers.

T

Teji-Mandi.—Literally "*Teji*" = dearness, "Bull" option; and "*Mandi*" = cheapness, "Bear" option "*Teji Mandi*" = a double option, *i.e.*, to buy or sell.
Tehsil.—Sub-division of a district.
Thakurs.—An epithet for Rajputs.
Tili.—Sesamum (*Sesamum indicum*).
Tolas.—Weighmen.
Topa.—Punjab measure.
Tulai.—Weighing charges.

U

Urd.—A kind of pulse (*Phaseolus radiatus*).

V

Vanjaras.—See *Banjaras.*
Vikrami.—Hindu calendar named after Vikramdittya who is reported to have inaugurated it.

Z

Zamindar.—Landlord.

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FOOD 2·
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REPORT

OF THE

FOODGRAINS POLICY COMMITTEE

1943

CHAIRMAN

Sir THEODORE GREGORY, D.Sc., Kt.

108633

PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, SIMLA
1943
Price : Annas 8 or 9d.

CONTENTS

		Page
FOREWORD	.. ..	i
SUMMARY OF THE FOOD REPORT	.. ..	iii
CHAPTER 1	Introduction	1
CHAPTER 2	Statistical position	7
CHAPTER 3	'Grow more food' Campaign	20
CHAPTER 4	Imports and Exports	28
CHAPTER 5	Army purchases	34
CHAPTER 6	Procurement	38
CHAPTER 7	Distribution and Consumption	61
CHAPTER 8	Prices	82
CHAPTER 9	Basic plan	98
CHAPTER 10	Food Department	103
CHAPTER 11	General administrative aspects	109
CHAPTER 12	General relations between Provinces and Centre	124
CONCLUDING REMARKS	.. ..	128
NOTES BY MEMBERS	.. ..	130

FOREWORD.

I. The Foodgrains Policy Committee of which the report is published herewith was constituted in pursuance of the following Resolution No. 79 of 15th July 1943 of the Governor General-in-Council :—

No. 79.—In view of the situation which has arisen throughout India in respect of the supply and distribution of foodgrains, the Governor General-in-Council has decided to set up a Foodgrains Policy Committee, which shall examine the past policy and present position in India in relation to the supply, distribution and price of foodgrains in the light of all relevant conditions including those imposed or liable to be imposed by the War, and to make recommendations both of policy and for administration, for securing, for the duration of the War, maximum supply, equitable distribution and proper control of prices in relation to foodgrains. Free trade will not be considered except as an objective for the return of normal conditions.

2. The composition of the Committee will be as follows :—

Mr. H. D. Vigor, O.B.E., (Food Department), Chairman.

Representatives of the Central Government :—

1. Lt.-General T. J. Hutton, C.B., M.C., (Secretary, War Resources Committee of the Council).

2. Sir Theodore Gregory, D.Sc., Kt. (Economic Adviser).

3. Mr. J. V. Joshi, O.B.E., M.A. (Cantab), (Dy. Economic Adviser).

4. Mr. S. Basu, O.B.E., I.C.S., (E., H. & L. Department).

5. Mr. R. L. Gupta, I.C.S., (Finance Department).

One representative each from the following Provinces :—

C. P. & Berar	..	Mr. H. S. Kamath, I.C.S.
Bihar ..	..	Mr. R. A. E. Williams, I.C.S.
Madras	..	Mr. W. Scott Brown, C.S.I., C.I.E., I.C.S.
United Provinces		Mr. Rajeshwar Dayal, I.C.S.
Punjab	..	Mr. E. N. Mangat Rai, I.C.S.
Bengal	..	The Hon'ble Khan Bahadur Saiyed Muazzamuddin Hossain.
Bombay	..	Mr. A. D. Gorwala, I.C.S.
Sind ..	..	Mr. J. C. Bolton, I.C.S.

One representative each from the following States :—

Hyderabad	..	Mr. G. M. Quresliy.
Travancore and Cochin	..	Mr. K. R. Narayana Iyer.
Indore	..	Mr. K. R. Gowade.*

Mr. A. P. Pattani (nominee of H. H. the Chancellor of the Chamber of Princes).

* Resigned.

Non-officials :—

1. Mr. Fazal Ibrahim Rahimtoola, C.I.E., J.P.
2. Sir Purushotamdas Thakurdas, C.I.E., M.B.E.
3. Khan Bahadur M. A. Momin, C.I.E., M.L.C.
4. Mr. D. P. Khaitan, M.L.A.
5. Prof. L. C. Jain, M.A., Ph.D., D.Sc. (Econ.).
6. Mr. A. Whittaker, C.I.E.
7. Mr. Hatim Alavi.
8. Mr. Abdul Hamid Khan.
9. Sardar Vivek Singh.

Dr. M. M. Junaid, M.A., Ph.D., Secretary.

II. Mr. Vigor fell ill after presiding over the Meetings of the Committee till the 13th of July, 1943, and Sir Theodore Gregory, and Mr. A. D. Gorwala, I.C.S., were appointed Chairman and Vice-Chairman of the Committee respectively in accordance with the Government of India, Department of Food, Resolution No. 79, dated the 29th July, 1943, which runs as follows :—

In consequence of the continued illness of Mr. H. D. Vigor, O.B.E., Chairman of the Foodgrains Policy Committee and his inability to act as Chairman of the Foodgrains Policy Committee, the Governor General-in-Council is pleased to appoint the following as Chairman and Vice-Chairman of the said Committee, in partial modification of paragraph 2 of this Department Resolution of even number dated the 15th July 1943 :—

Sir Theodore Gregory, D.Sc., Kt.—Chairman.

Mr. A. D. Gorwala, I.C.S.—Vice-Chairman.

III. The Committee began its sittings on the 8th July, took evidence and discussed objectives of the enquiry till the 4th August, when the Committee adjourned. On the 8th August, the Chairman began to draft the Report, a task which was finished on the 28th. The Committee assembled again on the 6th September and signed the Report on the 11th September.

IV. At its concluding session the Committee passed the following Resolution :—

" The members of the Committee desire to place on record their high appreciation of the work of the Chairman not only in presiding, under conditions of great strain, over their lengthy deliberations, but also in submitting to the Committee, so quickly, an able and closely reasoned draft report on a very difficult subject."

M. M. JUNAID,

Secretary.

SUMMARY OF THE FOOD REPORT.

To understand the significance of the detailed conclusions and recommendations which appear at the end of this Summary, it is necessary to appreciate, firstly, the nature of the Indian food-problem : secondly, the main principles which underlie the Report as a whole. The Report covers a very wide field, and in order that it may have practical usefulness, the recommendations and conclusions which it contains are necessarily numerous. But the basic principles can be stated in very few words.

The Nature of the Food Problem in India.

The soil of India has not been outraged in the same way as the lands of some belligerent countries. Taking India as a whole, the physical resources of this Sub-Continent remain unimpaired, though no doubt the efficiency of agriculture is to some extent interfered with by the shortage of producers goods, *e.g.*, iron for the repair and maintenance of implements. As regards climatic conditions, Bengal was very adversely affected in 1942 by the cyclone, which destroyed both reserves and crops in what were normally surplus areas : Madras was also adversely affected by the partial failure of both monsoons, and certain districts in Bengal also underwent extremely unfavourable experiences. On the other hand, the *rabi* crop of Northern India in 1943 was probably the finest on record. It is not in a deterioration of productive conditions—taking India as a whole—that the key to the present difficulties is to be found : they lie elsewhere. If physical conditions in India as a whole had undergone a serious change for the worse it would be easier to explain the present circumstances : in fact, these are the results of a complex of circumstances. The Report sums these up as follows :—

> " The food crisis has been accentuated on the *Supply Side*, (i) by the fact that certain normally deficit areas (Bombay and Malabar Coast) have been deprived of a disproportionately large part of their normal supplies by the cutting off of Burma imports, (ii) by the reduction of normal supplies (and the destruction of stocks) in the normally surplus districts of Bengal due to the cyclone of October 1942, and by the widespread disease in the Aman paddy crop of Western Bengal. It has been accentuated on the *Demand Side*, by (i) the combination of an adverse supply situation in Bengal with an adverse psychological situation due to proximity to the War Zone, (ii) a diminution in the relative magnitude of the marketable surplus through increased holding and/or increased consumption by the cultivator who in the depression period was probably eating less than was requisite for full efficiency, which reacts with disproportionate effect upon the urban consumers as a whole, (iii) probably some increase in *per capita* consumption by those in receipt, for the first time, of higher money incomes, (iv) a decline in the absolute size of the rice carry-over, (v) some withholding from sale of available stocks for " investment " and " black market " reasons, (vi) an increased demand, which could not always be satisfied and *therefore* exerted an altogether disproportionate influence on prices, for personal and family " security " reasons."

In order to understand fully the significance of what is said in the passage from the conclusions quoted above, it must be borne in mind that the *per capita* availability of food supplies in India, even in normal times, was low. The urban areas of India are fed out of the margins left after the cultivator has satisfied his own personal needs and those of his family. It is not always realized as fully as should be the case, that with a population of nearly 400 million souls, very small changes per head of the population can easily result in very large changes in the aggregate. One single illustration will suffice. An over-all increase in daily consumption of one *ounce* per head, with a population of 400

millions, would involve a total increase in demand of some 4 million tons of food per annum. It is, therefore, the accumulative effect of a number of factors, all working in the same direction, which has produced the present crisis. Indian agricultural statistics are notoriously defective and they probably understate India's total production, but this is a situation which has obtained for many years and the variations from year to year, therefore, do not explain the present crisis. But one thing quite clearly emerges, namely, that the significance of imports has been under-estimated, simply because they were contrasted against a total production very much larger than they were themselves. It is, therefore, quite true, statistically that they constituted only a small percentage of India's total food supplies. It has been overlooked that certain areas, particularly Bombay and the Malabar Coast depended disproportionately—in comparison to the rest of India—upon such imports. And, quite apart from the direct dependence of these areas upon imports, the general psychological situation has been gravely impaired by the knowledge that the safety-valve of imports from Burma and elsewhere no longer exists.

There is one aspect of this situation also upon which the Report lays stress : that is the totally disproportionate changes in the prices of food-stuffs which accompany changes in the supply of foodstuffs. This disproportionate rise lends particular significance to the proposals with regard to prices, contained in a later section of the Report.

Remedial Measures.

The remedial measures proposed in the Report fall under five main heads : Firstly, an increase in available supplies. Secondly, an improvement in the techniques by which home-grown supplies of food can be made available, *i.e.*, improved procurement machinery. Thirdly, measures to secure a more equitable distribution of what is available, that is, the extension of rationing. Fourthly, a check on rising food-prices, that is, a general extension of the principle of statutory price-control. Lastly, a general overhaul of the machinery of Administration and a re-adjustment of the relations between the Provinces and the Centre. These measures are all intimately linked up with one another. It is useless increasing the food-supply unless it can be brought to market—and this involves better procurement machinery. It is not possible, at the present time, to secure fair distribution without a limitation of the individual's right to purchase : and that involves rationing. But rationing involves, assuring the necessary supplies and that implies proper procurement machinery. It is not good policy to assure supplies, if these are so expensive that the poorer sections of the population cannot afford to buy the ration to which they are entitled : thus there must be some control over prices. Lastly, it is impossible to improve conditions unless the machinery of administration is working adequately, and this again is not possible without a general understanding of what should be the respective powers and duties of the Central Government and the Provinces (and, *mutatis mutandis*, the States).

Increasing the Available Supply.

The recommendations of the Report in regard to increasing supplies relate both to imports from and exports to, Overseas : and to domestically grown foodgrains.

As regards imports from and exports to, Overseas, the Report lays down the principle that for the duration of the War, India must cease to be a net exporting country and must become a net importing country. The export of rice must cease altogether. As regards imports, Government is urged to press for imports of 1½ million tons in the first year hereafter and for imports of one million tons per annum in succeeding years—1 million tons being the average annual net imports of the last five years.

The reason for suggesting 1½ million tons as the initial volume of imports is that whilst 1 million tons should be used for current consumption, the remaining half million should be utilised to create a Central Foodgrains Reserve, to the constitution of which Reserve the Report attaches great importance. Without such a Reserve, it will be difficult to enforce adequate price-control and its existence would greatly facilitate procurement, since it would enable Government to stand away from the market and thus defeat attempts to hold it to ransom, without imperilling its current supply operations.

In addition, the Report recommends that the military authorities, as well as the Food Department, should take into consideration the direct and indirect effect upon available food supplies of the strategical plans now being elaborated, in so far as these concern the presence of large Overseas Forces in India.

As regards the increase in the supply of domestically-grown foodstuffs, the Report makes a large variety of suggestions, ranging from the large-scale distribution of improved seed to the strengthening of Provincial and State Departments of Agriculture. Perhaps the most important of these recommendations are those, (i) which ask for assistance to industrialists for the importation of plant for the manufacture of Ammonium Sulphate to the extent of at least 350,000 tons a year, (ii) urge that adequate supplies of iron and steel should be secured for the replacement and repair of worn-out or defective agricultural implements. The suggestion is made that the under-polishing of rice, which is now practised in Madras, should be extended to all other rice provinces.

The Report goes fully into the question of Army Purchases of foodgrains, which are fixed at the figure of 650,000 tons, of which only 150,000 tons represents rice. These amounts *include* all despatches to troops in the field Overseas. The Report points out that rumour has magnified the figures of authorized reserves, which are absolutely necessary. The stocks *actually* held by the Army are certainly below those currently quoted, and below those authorized. Rumour has greatly exaggerated the wastage of supplies. It is also pointed out that, except as regards Overseas Troops, Army consumption does not represent a *gross* addition to the total consumption in India. Indian troops would also consume foodgrains if they had remained civilians : at most the *net* drain on Indian foodgrains is represented by the difference between *per capita* consumption of Indian soldiers *as* soldiers, and what they would have consumed *as* civilians. As regards Overseas Troops, the Report, as pointed out above, asks for the prospective situation arising out of the possible offensive on the Eastern Frontier to be reviewed both by the Army Authorities and the Food Department.

Whilst strongly pressing the case for imports, the Report makes it clear that the general shortage of shipping and the stringency in other belligerent countries is fully recognised. Two counter-considerations are, however, urged. The first is that Indian nutritional standards are in general deplorably low. The second is that the area nearest the scene of a possible large-scale offensive is also, at the present time, the scene of the greatest distress in the matter of food-supply. It may be mentioned here that the Report points out the complicated nature of the Bengal problem, and urges upon the Bengal Government the necessity of tightening up its procurement machinery as the first condition of recovery.

Procurement.

The Report rejects altogether two alternative principles which might be invoked to solve the problem of procurement, that is, the acquisition of supplies. The first of these principles is that of unlimited Free Trading in Foodgrains. The Report takes the view that even if Free Trade were allowed to work itself

out without interference (which is more than doubtful in the light of the experience of the spring of 1943) it would result in a drastic rise in the level of prices in some areas and might not, owing to purchases for hoarding or investment purposes, lower them elsewhere. In any case, rising prices do not always result in additional supplies being forthcoming, owing to the tendency of holders when a rise of prices is being experienced, to expect still higher prices in the future.

The other principle which is rejected is that of a Central Government Foodgrains Monopoly. This principle is rejected, not on the ground that it is inherently unworkable—on the contrary, it is the *only* perfectly *logical* solution of the difficulties—but on the ground that India finds herself in the middle of a crisis, and the creation of the vast organisation which would be involved would take time, and time is not available.

Procurement is a highly technical aspect of the Food Problem and the Report takes the view that a perfectly uniform procedure is probably not possible, owing to the very great differences which persist both in trading conditions and agricultural conditions in different parts of India. But the Report lays great stress on two aspects of the situation. Firstly, though it is premature to create complete Provincial or State monopolies, yet the first principle of sound procurement policy must be the elimination of competition as far as possible. For this reason it is undesirable for the Centre to set up its own procurement machinery, so long as it is satisfied that the Provincial or State machinery is working adequately. Secondly. in order to allow official buying (whether through a trade agency or a provincial official) to function effectively, transport priorities must be secured. This is a form of eliminating competitive buying to which insufficient attention was paid in the past, except in one or two Provinces.

In the last resort, procurement involves getting the maximum quantity of grains from the cultivator, in *every* part of the country. It is not merely, or even mainly, getting supplies from Surplus to Deficit Provinces, because only a very few Provinces have a surplus of *all* foodgrains and the majority are surplus in some grains and deficit in others—the truly permanent deficit areas are limited in number. The question then arises : how can this maximum amount be secured ? There are two alternatives : *viz.*:—compulsory acquisition at a fixed price, *i.e.*, requisitioning and, secondly, increasing the inducement to the cultivator to sell. The Report takes the view that it would be premature to resort to requisitioning in India generally (which would involve official procurement machinery everywhere) though in seriously deficit areas, it may be the only way out. Rising prices of Foodgrains as such do not necessarily evoke an increased supply, so long as the higher money prices received by the cultivator cannot be translated into an effective supply of goods which the cultivator requires. The problem of procurement is thus intimately linked up with the problem of increasing the supply of the goods which the cultivator needs. Every effort must therefore be made to increase the supply of such goods, and the problem should rank next to the problem of munitions supply. Though it would be preferable to supply the cultivator with goods which he needs, whether as producer or consumer, yet if the supply of these cannot be increased adequately, it would be advisable for Government to secure supplies of the precious metals for sale to the cultivator.

Distribution and Consumption.

The most important practical aspect of the distributive problem at the present time is the rationing of the larger cities of India, *i.e.*, those with a population of one lakh and over, which the Report recommends should be undertaken forthwith. But rationing involves, not only a series of technical issues

appropriate to itself, but also proper procurement machinery and transport facilities. The Report urges the necessity for appointing, within the Food Department itself, of an officer-in-charge of Movement : Movement involves adequate railway facilities, but also the utmost possible use of alternative modes of transport, and the due co-ordination of all of them. As regards these matters, the Report makes certain technical recommendations.

As regards rationing, the Report starts from the principle that the minimum ration should not normally be allowed to fall below 1 lb. of cereals per adult per day, in view of the fact that, unlike England and America, there is no great chance of the mass of the urban population being able to supplement the ration by intake of other foodstuffs on any significant scale. The Report emphasizes that even in these abnormal days, food conditions in these countries cannot be compared with those in India, where there is very little room for tightening the belt so far as the mass of the population is concerned. The Report does, however, stress the need for austerity standards in the better-off classes of society. If the minimum standard of 1 lb. per adult per day cannot be guaranteed out of home-supplies, then imports *must* be arranged for.

The case for rationing is closely examined : the main point is that rationing is the only method of killing the queue, which not only causes great hardship, but is a main cause of unrest. It is impossible, under rationing, to guarantee any section of the community its habitual foodgrains in the normal quantities in which these are consumed—this follows inevitably, for instance, from the prevailing rice-shortage.

The essence of rationing lies in good administration. The Report, therefore, calls for drastic enforcement of the law, especially in the early stages, when attempts at sabotage and evasion are likely to be most frequent. But the Report also recognises that enforcement is made very difficult unless there is willing co-operation on the part of the public. It is considered essential, therefore, that Provinces and States should set up Advisory Bureaux to which the public can turn for detailed guidance and advice, and that the Rationing Authorities should seek the positive assistance of public-spirited citizens by setting up non-official Advisory Committees. The assistance of ladies of all communities is particularly called for.

Unless the public is to be put to very great inconvenience through delays, it is necessary to make use of the normal machinery of the retail trade, and the Report lends no support to the view that the retail trade could be easily dispensed with. At the same time, attempts at sabotage must be put down with a stern hand by withdrawal of the retailers' licence and black-listing. Distribution of foodgrains through Employers Associations and Consumers Co-operative Societies should not be discouraged, in fact the latter form of distribution should be positively encouraged, subject to the principle that everyone should be treated alike in all essential respects.

Apart from the rationing of foodgrains, the Report recognises that there are a variety of other problems which require to be dealt with. The Food Department is desired to consult the expert nutritional authorities on the implications of the policies it is proposed to implement. In view of the food crisis, the Department is asked to investigate the possibility of individual rationing of sugar and milk—the last food having, of course, a peculiar bearing upon the health of women and children.

As regards rural areas—where there may also be serious malnutrition and shortage, the Report recognises that general rationing is impossible, but it points out that in famine or semi-famine areas distribution cannot be left to the normal channels of trade and Government action is absolutely imperative.

Price-Control.

Although unable to attain complete unanimity on the question, the overwhelming majority of the Committee came to the conclusion that statutory price-control of all the major foodgrains should be instituted in all Provinces and States. This very important conclusion is supported by a series of considerations, having regard both the position of the trader and the cultivator. So far as the trader is concerned, all the trade witnesses examined by the Committee were agreed upon one thing, namely that procurement became more, and not less, difficult, when prices were rising and became easier when prices were falling. To offer continually rising prices to force out supplies is in fact to encourage people to hold off for sale at higher prices, though a sharp rise of prices, if it is not expected to last, may evoke a sudden increase in supply. As regards the cultivator, there is even less reason to suppose that continually rising prices will evoke a continuous increase in supply, on the simple ground that the higher prices go, the easier it becomes to satisfy the cultivators' requirements for cash, and therefore the quantity he *needs* to sell will decline. But apart from these special arguments, there is the general consideration that prices are in any case not " free " prices, so long as Government continues to influence procurement and distribution. The real choice is not between " free " prices and " controlled " prices, but between one kind of controlled price or another.

The Report recognizes that the case for statutory price-control has been greatly prejudiced by the failure of statutory control in the case of wheat. That failure was due, however, to insufficient control over transport, and over stocks, and to non-application of the same control to other foodgrains. The Report, however, quite recognises that the growth of a " black-market " is a serious danger and consequently urges that statutory price-control is dependent, as minimum conditions of success, upon effective procurement machinery, effective control over transport and drastic enforcement of the declaration of stocks through the Food Grains Control Order. The chances of success are maximised if there are, in addition, Central and Provincial and States Reserves.

The Report argues the case for Central Control over statutory prices. It should have the right to suggest changes of prices, upwards and downwards. As far as possible, regional prices should be the aim, through co-operation between the Provinces and the States of a particular region. Disputes between the Provinces and the Centre as to price changes should be referred to a Standing Committee on prices, representative of the Centre, the Provinces and the States, the producers and the trade. In considering the appropriate level of regional prices, the cultivators costs should be taken into account. Whilst not opposing the policy of selling foodgrains at reduced or preferential prices, to certain sections of the population, the Report insists that such a policy can never solve the general problem of food supply and should never be regarded as an effective substitute for an integrated foodgrains policy.

Administrative Aspects of the Food Problem.

The Report lays stress on the following matters. Firstly, the future organisation of the Food Department. In place of the existing organisation, the Report suggests the creation of a Food Board, to secure continuous and conscious co-ordination of effort in all directions. In addition to the Board, which in the view of the Committee should be composed of the principal officials of the Department in charge of the Basic Plan, Intelligence and Statistics, Enforcement, Publicity and the like, there should be an Expert Panel of six, drawn from the trade, whose advice should be sought on suitable occasions.

Secondly, as regards the " Basic Plan ". The Report points out that revision of the figures of the Plan from time to time is not a proof of the failure of

the Plan, but is necessary in the light of varying needs and changes in production. It suggests two dates in any calendar year for " stock-taking " in the light of the current *Kharif* and *Rabi* crops. It also suggests a revised formula for ascertaining the size of current surpluses and deficits.

Thirdly, as regards general administrative reforms, the Report stresses the need for a Food Administration Manual for the guidance of all concerned with the problem. It finds a central place in the day-to-day work of Food Administration for the Food Grains Control Order, which is concerned with the registration of stocks and of those who own them. This order requires to be drastically and effectively enforced, and appropriately amended. The Report also recommends the continuance and extension of the system of Regional Food Commissioners.

Finally, as regards the vexed question of the relations between the Provinces and the Centre, the Report takes the view that since public opinion will not tolerate a " hands-off " attitude by the Centre, the Centre cannot accept any situation which would involve its having to carry great responsibilities without having adequate power. The Report requires the Centre to have " the last word " as regards the following :—

(a) Price-changes (b) allocations of supplies, (c) the management of the Central Food Grains Reserve, (d) any conditions laid down for rescue or special assistance operations, and (e) details of administration.

Disputes as to price-changes are, as already suggested, to go to a Price Advisory Committee, and, as regards disputes over the size of deficits or surpluses, an expert arbitration procedure is proposed. Disputes of a wider character involve issues which make it impossible for their final adjudication to be in the hands of the Food Department.

CONCLUSIONS AND RECOMMENDATIONS

CHAPTER 2.—STATISTICAL POSITION.

1. The present position regarding agricultural statistics relating to production, distribution, export, consumption and stocks is most unsatisfactory. An improvement in the position is not only desirable but essential for the formulation of a successful food policy. We, therefore, recommend that the proposals for the improvement of agricultural statistics which are now before the Department of Education, Health and Lands should be implemented forthwith. In particular, the proposals for the improvement of the reporting agencies in the permanently-settled Provinces should be taken in hand with financial assistance from the Centre if necessary. In view, not only of the present crisis but also of the world-situation, especially, which does not promise much improvement in the immediate post-war period, a more accurate determination of the statistical facts in relation to India's food supplies, is absolutely essential.

2. There is nothing in the internal situation in India to suggest that, apart from the cessation of imports from Burma and the vicissitudes of Nature—which affected Bengal adversely in 1942 and 1943, and have also influenced the Madras position, the *absolute physical volume* of supply has been impaired. But it is not doubtful that (a) the amount actually available out of the physical supply has decreased and (b) that demand, in relation to the availability of Supply, has increased.

3. The food crisis has been accentuated on the *Supply Side* (i) by the fact that certain normally deficit areas (Bombay and Malabar Coast) have been deprived of a disproportionately large part of their normal supplies by the cutting off of Burma imports, (ii) by the reduction of normal supplies (and the

destruction of stocks) in the normally surplus districts of Bengal due to the cyclone of October 1942, and by the widespread disease in the Aman paddy crop of Western Bengal. It has been accentuated on the *Demand Side* by (i) the combination of an adverse supply situation in Bengal with an adverse psychological situation due to proximity to the War Zone, (ii) a diminution in the relative magnitude of the marketable surplus through increased holding and/or increased consumption by the cultivator who in the depression period was probably eating less than was requisite for full- effieiency, which reacts with disproportionate effect upon the urban consumers as a whole, (iii) probably some increase in *per capita* consumption by those in receipt, for the first time, of higher money incomes, (iv) a decline in the absolute size of the rice carry-over, (v) some withholding from sale of available stocks for " investment " and " black market " reasons, (vi) an increased demand, which could not always be satisfied and *therefore* exerted an altogether disproportionate influence on prices, for personal and family " security " reasons.

4. The absolute rise of food prices does *not* measure the absolute decline in the volume of available supply, since it is a long-established fact that food-prices rise disproportionately to decline in supply.

5. Imports of foodgrains act as a safety valve in years of bad harvest and as such play an important role in relieving the food situation by mitigating anxiety. The absence of imports reacts adversely on the food situation *as a whole* (apart from the effect in certain specific areas) quite disproportionately to the actual magnitude of imports.

6. A reduction in the marketable surplus may be disproportionate to actual changes in physical supply, and in its turn has a disproportionate effect on *urban* supplies.

7. The administrative problem does not alone consist in " marrying " surpluses and deficits in particular foodgrains. This is not possible, and it will only be possible to master the situation by large scale substitution, in the habitual dietary of the population, of one foodgrain for another.

CHAPTER 3.—' GROW MORE FOOD CAMPAIGN '.

8. Government should encourage the large-scale distribution of improved seed.

9. Steps should be taken by Government to promote the production of compost from night-soil and town-refuse.

10. Assistance should be afforded to industrialists for the importation of plant and in all other ways such as the giving of technical advice for the manufacture of Ammonium Sulphate to the extent of at least 350,000 tons a year.

11. The Government of India should urge upon the Provinces and States to promote with all energy and expedition such irrigation and drainage schemes as promise quick results.

12. It is imperatively necessary to prevent depletion of India's serviceable milch and draught cattle by the vigorous enforcement of the prohibitions recommended by the Central Food Advisory Council.

13. The appropriate Department of the Government of India should secure an adequate quota of iron and steel, required for the replacement and repair of worn-out or defective agricultural implements.

14. The Committee welcomes the assurance recently given by the Government of India that action has been initiated in regard to the importation of tractors and other agricultural implements and their parts.

15. Facilities should be afforded to agriculturists to enable them to secure the fuel and lubricating oil required by them.

16. No further delay should take place in the issue of the rules giving the necessary powers to Provincial Governments to regulate crop production and to compel the cultivation of culturable waste lands.

17. We welcome the resolution of the Government of Assam dated the 24th August 1943, by which improved provision is made for the process of land settlement in various districts. We hope that the process of land settlement for which provision is made in the aforesaid Resolution, will, as far as possible, be accelerated.

18. The present restrictions laid on the milling of rice in Madras in regard to under-polishing should be extended to other rice Provinces.

19. The relevant Department of the Government should take the necessary steps to assist rice mills to obtain sufficient supplies of mill stores.

20. Provincial and State Governments should take steps to increase the strength of their Departments of Agriculture.

21. Schemes of research, especially those which have a bearing upon the immediate short-range problems of food production should be adequately endowed.

CHAPTER 4.—IMPORTS AND EXPORTS.

22. India must cease, for the duration of the War, to be a net exporter of food : no exports should be permitted unless such exports are fully compensated by imports in addition to the imports mentioned in the succeeding paragraph. No exports of rice should be permitted at all. The Food Department must be completely satisfied that such compensatory arrangements are entirely adequate. In no other way will it be possible to stop the crop of rumours which have exercised a dangerous effect on the country.

23. As regards, imports, the Government of India should (a) press for imports to create a Central Food Grains Reserve, which should not be less than 500,000 tons. Such a quantity is absolutely necessary to prevent a break-down of the machinery of the procurement, rationing and price policies outlined in subsequent chapters. It is not a substitute for but a complement to more vigorous administrative action in other fields. (b) Press the United Nations to arrange for imports for current consumption until further notice, equal in amount per annum to the average annual *net* imports of the last five years or about one million tons. This request is strongly urged on two grounds :—

(i) the fact that the area most likely to be involved in military operations is also the area most hard-pressed as regards food supplies, and

(ii) that owing to the low *per capita* standards of consumption generally prevailing in India as a whole, the degree to which subsistent levels can be cut is considerably less than in more fortunately situated countries.

(c) investigate the impact on the food situation in India of the strategical plans now being elaborated, in so far as they concern the presence of large Overseas Forces in India.

24. Whatever arrangements or agreements are entered into, should be most scrupulously observed, in order to minimise the dangers of misinterpretation and rumour-mongering.

CHAPTER 5.—ARMY PURCHASES.

25. The global figure for the Army's requirements of foodgrains is 650,000 tons of which 500,000 tons is wheat and wheat products and 150,000 tons is rice. Thus the pressure of Army demands falls relatively lightly on the foodgrains which is most in current deficit. In so far as the Indian Army is concerned,

the demand for foodgrains is not a net addition to the total demand, except to the extent that *per capita* consumption in the Army exceeds that which would have taken place if the soldiers had remained civilians. Supplies of foodgrains to Overseas troops serving in India is included in this figure.

26. An expansion of the Indian Army would, of course, involve an expansion in the Army's demands for foodgrains, which would, however—except in so far as *per capita* consumption was in excess of civilian consumption of the *same men*—be offset by a decline in civilian consumption.

27. The global figure alluded to includes exports to troops in the field Overseas.

28. The figures of authorised reserve stocks are below those currently quoted, and the actual reserves are below the authorised reserves.

29. We are satisfied that exaggerated importance has been attached to wastage of supplies.

30. We desire to draw the attention of the military authorities, as well as the Food Department, to the direct and indirect effect upon available food supply and upon prices of additional demands which may be involved in the strategical discussions now proceeding.

CHAPTER 6.—PROCUREMENT.

31. Under existing conditions of scrcity (and in certain areas, of semi-panic) the procurement problem cannot be solved by a resort to " Free Trade ". The restoration of the unlimited right to buy and sell, by any one at any price to any one at any price, in any part of India would not produce satisfactory results.

32. The procurement problem is not primarily an issue of moving supplies from surplus Provinces to deficit Provinces but of acquiring from the cultivator the maximum amount to be obtained from every part of India.

33. From the standpoint of principle the only completely satisfactory solution would be a Central Government Foodgrains Monopoly. But the problems of staffing, organisation and administration involved are so great and the needs of the situation so pressing, that the necessary time is lacking.

34. On the other hand, the institution of a Central Foodgrains Reserve appears to us indispensable. It should not be less than 500,000 tons. This reserve should, in the first instance, be built up by imports and the Government of India should exhaust every effort to secure the quantity of imports mentioned above. This Reserve should be held entirely separate from the imports which we have recommended should be obtained for current consumption and should be devoted exclusively to the purpose for which it was intended.

35. In order to avoid unnecessary competition, the Centre should entrust its physical procurement operations to the agencies set up by the Provinces and States, (including acquirements for Essential Services and Essential Industries), subject to the right of the Centre, if the procurement agency proves unsatisfactory, to insist upon remedial measures being introduced. On this and other grounds, we recommend the establishment, within the Food Department, of an Enforcement Branch.

36. The organisation and efficiency of the grains trade varies in different parts of the country and the extent to which different Provinces and States can make use of trading agencies must therefore vary with the local circumstances.

37. The general objective of all procurement machinery must be to eliminate competitive buying to the greatest practicable extent. This can most easily be achieved by either confining a particular buyer to a particular area, or if the unit of purchase is to be the entire Province or State, using a single buying firm or a syndicate of firms, or a single official buyer.

38. In considering the elimination of competitive buying, the possibility of using transport facilities to ensure priority for official procurement as against buyers on their own account, and as a means of controlling competition, has not received the general attention which it deserves. With the advent of urban rationing, control of transport as an element in procurement machinery will be of increasing importance.

39. It is not possible to have a perfectly uniform pattern of procurement machinery in every part of India. The Food Department should study the whole, any schemes for the direct barter of foodgrains against civil supplies machinery for recommendation in a particular region. Although the general creation of Provincial or State monopolies would be premature, it should be the subject of study by the Food Department.

40. Occasional requisitioning from the trade in connexion with price control or anti-hoarding drives is legitimate, but in so far as requisitioning involves taking over cultivator's stocks, occasional requisitioning should only be resorted to with extreme caution and not until late in the crop year, at least not until the sowings of the next crop of that grain are completed.

41. Regular requisitioning as part of a general policy of official procurement should not at present be resorted to generally, for the ground requires careful preparation, but we believe that in seriously deficit areas, an approximation to this practice may prove necessary. If it does, it is better to face the situation than embark on hasty experiments without adequate preparation.

42. In considering the problem of increasing supplies of consumers' goods to the cultivator, we reject, as not in the interest of the Indian economy as a whole position in order to determine which on balance, is the most suitable though we see no objection to the organisation of co-operative societies prepared to buy grains from the cultivator and at the same time making consumers' goods available to him. We desire to emphasize the absolute necessity of making available to the grower as great a volume of consumers' goods as possible after taking cognizance of urgent military requirements. Besides piecegoods, we refer to iron and steel, timber, building materials, cement, drugs, agricultural implements, leather goods, metal utensils &c. Side by side with all possible efforts to make those available to the grower, if a demand for the precious metals continues to manifest itself, we are satisfied that it would be advisable for the Government of India to secure silver and gold for sale to the cultivator in order to procure the maximum quantity of grain from him.

In view of the impending military operations on the Eastern frontier of India, it would appear to be in the best interests of the United Nations to ensure the maximum supply of foodgrains in this country. We cannot overstress the desirability of avoiding resort to compulsory acquisition under existing circumstances by maximising the inducements which can be held out to the cultivator.

CHAPTER 7.—DISTRIBUTION AND CONSUMPTION.

43. Distribution of foodgrains in India cannot be considered solely in the light of urban requirements. There are various classes of the rural population who are not in a position to sustain themselves fully throughout the crop-year. Further, there are mining and other industrial enterprises carried on

in rural areas, which require attention. Nevertheless, it remains the case that urban areas are in the main 100 per cent. deficit areas.

44. We have examined the transport situation. Procurement has in certain cases been interfered with because of wagon shortage ; on the other hand the Railway authorities complain that in certain cases supplies of foodgrains have lagged behind wagon-supply. It is clear to us that an officer in charge of Movements is required in the Food Department.

45. We recommend that complete control of, and co-ordination over, coastal shipping be secured as soon as possible and that control be centralised in one department only of the Government of India.

Also, that the organisation of country craft be carried to the stage at least where priority of movement of foodgrains can be secured.

Also, that river and canal traffic in so far as the transport of foodgrains is concerned be properly organised.

Also, that more use should be made of road transport.

46. The general case for urban rationing is overwhelming and it is the view of the Committee (which has already been communicated to Government) that rationing should be introduced forthwith in the larger cities of India, both in deficit and surplus areas, both in Provincial and State areas, in the first instance in those with populations of one lakh and over and should be progressively extended. The Committee is unanimously of opinion that apart from any temporary breakdown, the standard ration of cereals per adult per day should not be allowed to fall below 1 lb. If inspite of the Grow More Food Campaign and improved procurement machinery, the available supply in India is insufficient to guarantee this ration, imports *must* be made available. Due attention must be paid to securing adequate quality.

47. It is essential that Provinces and States should at once take in hand the selection and training of the necessary officers. In the first instance these officers who will be put in executive control should be deputed to Bombay for study, but it will be necessary for the Central Government to set up a Central Training School as the number of officers required increases. The preliminary steps necessary should be undertaken forthwith.

48. Such rationing should extend to all classes and sections of the population and should cover all major foodgrains in general use in the particular areas concerned.

49. It is desirable that, as far as possible, the tastes and habits of the various communities should be respected (including the provision of wheat in place of atta or flour), but no guarantee can or should be given to any section of the community that its habitual foodgrains will be forthcoming in the usual quantities.

50. Rationing will be exceedingly difficult unless adequate procurement machinery is available to guarantee supplies. All Provinces must be instructed and all States must be requested to review their existing machinery in the light of the magnitude of the task implied in the extension of rationing.

51. It is possible that the announcement of the introduction of rationing will lead to an attempt to forestall by the accumulation of reserves by individuals. Provinces and States must counter any such attempt by vigorous and drastic enforcement of anti-hoarding measures and by control of movements into cities.

52. There should be no attempt at harassment or the persecution of individuals for minor breaches of the law. Nevertheless, concerted attempts on the part of individuals to evade or circumvent a rationing scheme, that is, to throw upon others an undue share of the sacrifices which all should bear

equally, merit and should receive drastic and exemplary punishment, without regard to any consideration other than the necessity of seeing that the law is observed. It will be necessary for Provinces and States to pay due and urgent regard to the problem of enforcement. Enforcement is likely to be most difficult in the earliest stages and the provision of enforcement machinery must therefore form an integral part of the administrative apparatus from the very commencement. Such enforcement machinery should not form part of the ordinary police service.

53. It is essential that large-scale publicity should be undertaken so as to prepare the public and to enable it to co-operate willingly with the rationing authorities in achieving complete success.

54. It is essential that the Provincial and State authorities should set up Advisory Bureaux to which the public can turn for detailed guidance and advice, and that the Rationing Authorities should seek the positive assistance of public-spirited citizens by setting up non-official Advisory Committees.

55. When rationing is introduced, it will probably be desirable in the large cities to issue individual (rather than) family ration cards. Registration with a defined retailer is indispensable.

56. Every effort should be made to make use of the normal machinery of retail trade, but any attempt at sabotage should be met by the withdrawal of the retailer's licence together with blacklisting and publicity. In order to act as a check upon the retail trade, Government should be responsible for a certain number of distribution centres, the number of which should be increased, if adequate retail establishments in private hands are not available, to avoid unnecessary drain upon the time of the consumer.

57. The system by which employers associations or individual employers have distributed foodgrains to their employees should be assimilated to the general rationing scheme, in the sense that the beneficiaries under such schemes should be treated in all essential respects in the same way as members of the general public.

58. Every encouragement should be afforded to secure the distribution of foodgrains through consumers Co-operative Societies, subject to the principle that the members of such Societies should be treated in all essential respects in the same way as members of the general public.

59. The greatest possible degree of uniformity should obtain all over India as regards the details of regulations, the size and shape of ration cards, the forms to be filled up by the public and other such matters which greatly affect the day-to-day ease with which rationing can be worked.

60. There are various ancillary matters relative to rationing which we desire the Food Department to study :—

(a) The individual rationing of sugar and of milk.

(b) The creation of "alleviative" agencies in the way of Government-run cooked foodshops and of industrial canteens.

(c) The position arising from the habit of certain sections of the community in taking one or more meals at eating-houses, restaurants, etc.

(d) The Food Department should consider the possibility of improving the nutritional position when rationing is introduced by making supplies of groundnuts available to the rationed population.

61. We desire the Food Department to consult the expert nutritional authorities from time to time on the implications of the policies it is proposed to implement.

62. There is decided room in India for austerity in consumption of all foods on the part of more favourably-situated members of all communities, and, before legislation is initiated, we desre to appeal to the public morale and conscience of all concerned.

63. As regards rural areas—

(a) general rationing is not possible,

(b) industries employing organised labour situate therein should employ the normal procurement machinery, whether the area is surplus or deficit,

(c) in deficit areas Government distribution and informal if not formal, rationing may be necessary, if the general situation is tight and the absolute deficit in such area is large, and

(d) in famine or semi-famine areas Government action is absolutely imperative.

CHAPTER 8.—PRICES.

64. So long as control in any form is exercised over the processes of acquisition, distribution and consumption, it is *inevitable* that prices should be affected. Thus, whether statutory price control is instituted or not, prices ruling in the various markets to-day are the combined effect of the forces of supply and demand *and* the administrative influences which are brought to bear.

65. So long as control follows the political demarcations set by the existence of Provinces and States, it is inevitable that unless there is a deliberate attempt at co-ordination, prices in different parts of India will not differ merely by the cost of transport from producing to consuming area. It is desirable that the differences now existing should be narrowed.

66. As a step in this direction it is desirable that the system of pooled prices for imports should as far as possible be reintroduced.

67. The general level of prices in some of the deficit areas is now so high as to impose a serious strain on the poorer sections of the population. It is, therefore, desirable that the process of levelling should take the form of reducing these prices rather than of raising prices in the more fortunately situated Provinces. This involves not only the procurement of supplies at the lowest possible prices in the surplus areas of those Provinces where prices are high, the importation of the maximum quantities which can be secured from surplus provinces and overseas, but also that procurement, rationing and anti-hoarding measures in all areas should be keyed up.

68. The position in Bengal is at present so abnormal that it must be subjected to special rescue operations. No attempt can or should be made to co-ordinate prices in adjacent areas to Bengal prices. Once prices in Bengal have been brought to a more reasonable level, the question of a regional price for rice in Eastern India should be re-opened.

69. Although complete unanimity has not been reached, the overwhelming majority of the Committee is very strongly of the opinion that statutory price control should be instituted for all (major) foodgrains in all provinces, and also similar control of an increasing number of non-agricultural commodities, particularly those necessary to the cultivator should be undertaken.

70. It is the opinion of the Committee that the minimum conditions precedent to the establishment of statutory price control are (a) adequate procurement machinery, (b) rigorous and drastic enforcement of the Foodgrains Control Order and of Anti-hoarding measures and (c) effective control over

transport. To attain the maximum chance of success, statutory price control requires the existence of a Central and also of Provincial and State reserves.

71. Statutory prices should not be fixed without the consent of the Central Government. The Centre should have the right to suggest changes of prices both upwards and downwards.

72. A small standing prices committee representative of the Centre, the Provinces and States, producers and the trade should be set up at the Centre which should meet at regular intervals to consider the price position. All disputes relating to price changes which may arise between the Provinces and States and the Central Government should be referred to this Standing Committee.

73. In considering the level of prices of foodgrains, appropriate to a particular area regard should be had to (a) the cost of articles entering into the cultivators cost of production ; (b) cost of articles entering into his standard of life, and (c) cost of cultivation of marginal lands.

74. Pending the enforcement of statutory control on prices throughout India, such Provinces as desire to enforce statutory control or ceiling prices should be permitted to do so subject to the approval of the statutory or ceiling price by the Central Government.

75. The Committee has taken cognizance of the various measures now being actively pursued by the Government of India to combat inflationary tendencies. While recognising that the stabilisation of the level of food prices is itself a powerful anti-inflationary measure owing to the close relation between rising food prices and the rise of other prices, nevertheless the Committee feels that the more vigorously anti-inflationary measures generally are pursued, the easier it will be to combat the evil of rising prices of food.

76. The policy of selling foodgrains at reduced or preferential prices is no substitute for a policy of rationing and may even have unfavourable indirect consequences on the price-level. Such a policy should never be made a substitute for an integrated foodgrains policy.

CHAPTER 9.—THE " BASIC PLAN "

77. The Basic Plan is concerned with that aspect of the general problem of Enforcement which involves a determination, first, of the magnitude of the aggregate surplus of foodgrains available in certain Provinces and States and second with the magnitude of the aggregate deficit of foodgrains in other Provinces and States, and with the assistance which surplus areas can give to deficit areas. Since production naturally varies from time to time, no " failure " of the Basic Plan is involved in a readjustment of the figures from time to time. Such readjustment is, indeed, absolutely necessary.

78. In the view of the Committee, there should, within any one calendar year, be two dates at which stock should be taken of the situation. The first of these dates should be in the month of April, the other in the month of November. The figures of the Basic Plan should be kept continuously under review in the intervening period with the object of securing as accurate a picture as possible at the beginning of each accounting period.

79. In view of the known defects of the statistical information available, the figures of production, stocks, surpluses and deficits must contain a large element of conjecture. This situation cannot be remedied by a mere change of formula. Provided that all the Provinces use a uniform procedure, it is probable that any formula which takes account of the more fundamental facts

will range the provinces in the same order, as regards the magnitude of their deficits. Even if all Provinces overstate their deficits to the same extent, this will result only in an exaggeration of the absolute figures, but probably not of the relative position of each as compared with the others.

80. In place of the formula hitherto employed, the Committee recommends that the following formula be adopted : Normal consumption requirements should be taken as the average of the estimated harvests of all the foodgrains over a five-year period ending 31st March 1942 plus|minus the average imports|exports of the same period. Surpluses and deficits should be calculated on the basis of normal consumption thus determined compared with the estimates of the forthcoming year's|half year's production of all foodgrains. But the study of more appropriate formula should be continuously undertaken by the Food Department. No formula should be employed which is not capable of extension, to any part of India.

81. It is impossible under Indian conditions to achieve a complete equality of sacrifice between the urban and rural population or between one portion of the country and another : the objective must be to reduce existing inequalities to the greatest practicable extent. This implies that it is not desirable, when allocating amounts to deficit Provinces, that each Province should be entitled to reduce its deficit by an equal percentage amount. Provinces which show the highest percentage deficit (subject, of course, to adequate scrutiny) must receive priority until their deficit is brought nearer (in percentage amount) to the average all-India figure.

CHAPTER 10.—FOOD DEPARTMENT.

82. The existing division of the Food Department into a Secretariat Branch and a Directorate General of Food Branch no longer corresponds to the necessities of the situation. If the recommendations of this report are accepted, the main work of the Food Department in future will not be physical procurement but continuous supervision of the Basic Plan, Enforcement (*i.e.*, supervision of the Procurement and Rationing operations of the Provinces, including the operation of the Foodgrains Control Order), Intelligence and Statistics, Movements, Publicity and General Food Policy. The Committee is of opinion that team-work of the highest order will be necessary. In order to ensure continuous and conscious co-ordination, the Committee recommend that the high officials of the Department in charge of these functions should operate as a Food Board, with the Secretary as Chairman, meeting daily as a matter of routine and with such additional *ad hoc* meetings as may prove necessary.

83. Every effort should be made to recruit experts of high standing from the grain trades for services in those posts (particularly Enforcement and Intelligence) where intimate and detailed knowledge of conditions in various parts of India is of great moment.

84. In addition to the Advisory Committee on Prices there should be an Expert Panel, of not more than six, drawn from the trade, whose advice should be sought on appropriate occasions. The expert members of the Advisory Committee on Prices should be asked to serve also as members of this Panel.

CHAPTER 11.—GENERAL ADMINISTRATIVE ASPECTS OF THE FOOD PROBLEM.

85. The work of Food Administration calls for a full-time staff, adequate in numbers, properly trained and adequately disciplined. On the other hand, no staff can function adequately unless backed by the full force of public opinion, which should encourage and support every move against those anti-social persons who threaten their food supplies. The fullest use should be made of advisory bodies, but the Food Administration itself must be autonomous.

86. The Food Department should consider the issue, at the earliest possible date, of a Food Administration Manual and should issue Supplements thereto at regular intervals.

87. The Foodgrains Control Order, concerned as it is with the movement of supplies through trade channels and with the disposition of stocks from time to time, is an indispensable part of the machinery of Food Administration. It requires to be drastically and effectively enforced, and unnecessary delays in the receipt of information, its collation and utilisation, both by the Provinces and States and the Food Department must be avoided at all costs. The Order should be so amended as to deal separately with (a) traders, (b) cultivators and (c) consumers' stocks.

88. The system of Regional Food Commissionerships should be continued, and if necessary, the number of Commissioners should be increased. Commissioners should possess the confidence of the local community and be familiar with local conditions. They should be expected to tour extensively and to prepare themselves to place the views of the Provinces and States in their areas effectively before the Centre, as well as to place the views of the centre before the authorities in their areas. To this end they should be expected to pay personal visits to the Food Department from time to time.

CHAPTER 12.—THE RELATIONS BETWEEN THE PROVINCES AND STATES AND THE CENTRAL GOVERNMENT IN MATTERS RELATING TO FOOD.

89. The various Provinces of India are so inter-related in food matter, that "give and take" physically and administratively, is imperative.

90. Public opinion will not tolerate a "hands-off" attitude by the Centre, and, in consequence, the Centre cannot accept any situation which would involve its having responsibility without powers.

91. Co-operation can best be secured by clearly defined spheres of authority and clearly defined methods of procedure. In particular, as regards the Basic Plan :—

(a) If after full discussion there is still difference of opinion between the Centre and the Provinces, the decision of an expert arbitration Committee shall be accepted as final by both the Centre and the Provinces. A similar arbitral procedure should be adopted in the case of the States though the composition of the Tribunal might have to be different.

(b) The Provinces must be prepared to accept :—

(I) The allocation proposed by the Centre. In making the allocations, the Centre shall have regard to the reasonable requirements of each deficit unit.

(II) The undisputed management by the Centre of the Central Foodgrains Reserve.

(III) Any conditions laid down for rescue or special assistance operations.

92. Disputes arising out of the *details* of administration must, in the last resort, be settled by the Centre. Disputes of a wider character involve issues which make it impossible for their final adjudication to be in the hands of the Food Department.

93. The constitutional position as regards the States differs from that of the Provinces, and whilst the highest degree of co-operation is obviously called for, the normal channels of intercourse must be relied upon to resolve any difficulties that may arise.

To

THE HONOURABLE MEMBER FOR THE DEPARTMENT OF FOOD.

SIR,

We have the honour to report as follows :—

CHAPTER 1.—INTRODUCTORY.

1. We were appointed a Committee in virtue of a decision of the Governor-General-in-Council, (promulgated as a Food Department Resolution No. 79, dated July 15, 1943) with the following terms of reference :

> "To examine the past policy and present position in India in relation to the supply, distribution and price of foodgrains in the light of relevant conditions, including those imposed or liable to be imposed by the War, and to make recommendations, both of policy and for administration, for securing, for the duration of the War, maximum supply, equitable distribution and proper control of prices in relation to foodgrains."

As a consequence of the illness of Mr. H. D. Vigor, O.B.E. (Food Department), which we greatly deplore, a change in the Chairmanship was found necessary. Accordingly, on the 14th July, 1943, it was announced that Sir Theodore Gregory, D.Sc., Kt., (Economic Adviser to the Government of India) should become Chairman and Mr. A. D. Gorwala, I.C.S. (Bombay), should become Vice-Chairman. We first assembled in New Delhi on July 8th and adjourned on August 4th. The preparation of the draft Report was begun on August 9th and was completed on August 29th. The Committee reassembled at New Delhi on September 6th, and completed its task on September 11th. Altogether the Committee has held 58 meetings. We have examined 21 witnesses from outside the circle of the Committee and we have also had the benefit of statements by members representing various provinces. On July 27, 1943, the Committee by a majority passed an Interim Resolution, which it forwarded to the Secretary of the Food Department, intimating its view that rationing in the larger urban areas in India had become an imminent necessity and that this step would have to be followed, at no very remote date, by the introduction of rationing in the smaller urban areas also. It was intimated also that each Province and State should depute some senior officials to Bombay to study the rationing system there and that the Food Department should take up the question of setting up a Central Training School, in order that some preliminary instruction might be given on so complex a matter. The Food Department has accepted these expressions of opinion and has already acted upon them.

2. We are required to report, in virtue of our terms of reference, both upon past policy and upon the present position in India. Since it is impossible to make recommendations with regard to the future without taking into account the experiences and experiments of the past, the next eleven chapters, which examine in detail the various aspects of the food problem in India, are necessarily concerned, in the context of the topic under consideration, with the past and present, as well as with future. We think, however, that a brief resume of the origin and course of the food problem in India should preface our detailed review of the problem and the recommendations we feel called upon to make.

3. A food problem has existed in some belligerent countries since the outbreak of the War, and food has since become a world problem, though the degree of its acuteness varies widely from country to country. So far as India is concerned, the origin of our present difficulties may be dated back to the entry of Japan into the War in December 1941. Up to that time, though the situation cannot be described as normal *in all respects*, for food prices were rising and this rise was beginning to occasion concern, yet the sea-ways were open and imports continued to come in from Burma, and as we shall have

occasion to explain later in Chapter 2, the significance of imports cannot be measured in quantitative terms alone. The entry of Japan into the War, however, brought with it a series of consequences which, in conjunction with other factors, have gravely complicated the food situation.

(i) The fall of Burma involved a cessation of rice-imports from that country. As the figures given below show these fluctuated considerably from year to year, but were never small. Thereafter it was obvious that anything that would contribute to public anxiety on the subject of food supplies would be reinforced by the knowledge that the safety-valve of Burma imports no longer existed.

Exports of Rice from Burma to British India. (In tons.)

	1938-39	1939-40	1940-41	1941-42	1942-43
Rice in the husk (Paddy)	59,063	43,442	12,098	3,603	103
Paddy converted into rice	44,298	32,582	9,074	2,703	78
Rice not in the husk	1,280,910	1,766,761	1,173,184	981,874	17,923
Re-exports of rice not in the husk from British India	5,201	4,025	7,726	(Not available)	

(ii) The fear that India might be invaded no doubt directly affected the public mind, as did the air-raids upon Calcutta. Both potential invasion and actual air-raids increased the apprehension that communications might be seriously interfered with and led, no doubt, to a certain accumulation of stocks upon private account.

(iii) The same military situation forced upon the Military Authorities the necessity of taking a series of measures which also affected the public mind. It became necessary to practice a "denial policy", that is, to remove certain stocks, in case they should fall into enemy hands. The amounts involved were insignificant in relation to total Bengal production and still more insignificant in relation to all-India production—they actually amounted to no more than 40,000 tons—and though they were not in any way destroyed, they did affect the public mind in Bengal which was also adversely influenced by the denial policy in connexion with river craft, purchases which were unduly magnified—in connexion with the Army and with the supply of foodstuffs to contractors labour.

(iv) The position was immensely affected, so far as Bengal was concerned, by the cyclone which swept the four *surplus* rice-producing areas in October, 1942—Midnapore, 24-Parganas, Barisal and Dinajpore.

4. Thus, during 1942, a series of events were taking place in Eastern India which powerfully affected the public mind in that area. Meanwhile, in the autumn of 1942, the political excitments of the time, accompanied as they were by partial interruption of communications, must also have had some effect Nevertheless, up to the end of the year, the situation was not as alarming as it subsequently became. Making all allowance for the fact that recorded price were lower than "black-market" prices, the recorded figures for all-India show a monthly average for December 1942 (Week ending August 19, 1939 = 100) of 218 for rice, and of 232 for wheat. Without any question the Bengal situation was deteriorating badly, but the all-India situation cannot be judged in the light of Bengal alone.

5. December 1942 forms a natural dividing line because it was in the month (on December 2nd) that the Food Department was created and official policy, its implications and its failure or its successes, became an element in the situation of great importance. Food was becoming, or had become "news", and has remained so ever since, and we do not believe that the manner in which the subject has at times been handled by sections of the Press has eased the situation in any way. But, in addition, to the *other* factors in the situation, from the beginning of 1943 onwards, public reaction to the food problem has been influenced by three successive acts of policy, to which we shall

have occasion to refer again later, *i.e.*, the inauguration of the " Basic Plan " the abandonment of the statutory price of wheat and the inauguration and subsequent abandonment of " Free Trade ". Before we deal with these phases of policy, however, we must deal with the general economic environment and the development of events in other fields.

6. In the early months of 1943, an inflationist wave swept over India, and particularly, Western India. In the first quarter of this year the issue which was agitating the public was not food, but " Inflation ". The mounting note-issues and the rise in the price of bullion were used as a justification for the rise in the price of cotton piecegoods, and when these had risen, their rise was used as a justification for a rise in other commodities not " in line ", and the rise in the latter was then utilised in justifying a still further rise in the former. Such developments could not leave the food-situation unaffected—the mere suggestion that the currency was becoming seriously depreciated *must* have affected food-prices, *via* withholding from sale, which could be justified on the grounds that the holder was " investing " in foodgrains as an anti-inflationary hedge.

7. The general inflationary psychology was countered by the measures taken by the Finance and Industries and Civil Supplies Departments of the Government of India. Nevertheless the food-situation was deteriorating, not only in Bengal, but elsewhere, especially in Bombay and Travancore and Cochin, heavily deficit areas which in the past had greatly depended on imports. Vigorous and energetic action was called for. Travancore State, which had taken a preliminary series of measures in the autumn of 1942, took powers to acquire the entire stocks of rice and paddy in January 1943. The Bombay Government adopted formal rationing in the City of Bombay on May 2, 1943. The effect was very marked : the troubles of Bombay ceased to be " news ". The Bengal situation received all the more attention.

We think it necessary, in view of the wide publicity which the Bengal situation has received, to make it clear that the problem has now become a very complicated one. It originated with the factors set out in paragraph 3 above. It might have been hoped that with the harvesting of the current *aus* crop the most acute phase would be over, *i.e.*, that the Bengal problem could be regarded as essentially a short-term one, turning on a temporary shortage of supplies of a serious kind, but capable of being met by large-scale imports from outside. It is clear that such a hope is illusory. We are informed that it is not, in fact, possible to make the *aus* crop available to any large extent, for the relief of distress in the cities. Thus large scale imports must be continued, till the *aman* crop is available. But the continuance of imports alone will not solve the problem, which is a four-fold one : (i) the elaboration of an adequate procurement machine, (ii) the assurance of adequate supplies for the sustenance of the normal urban population, especially of Greater Calcutta, which obviously involves over-all rationing at the earliest possible date, (iii) the relief of the landless labourers and the distressed cultivators, who have been drifting to Calcutta in search of food, (iv) the relief and control of the mendicant population of Calcutta, which may have been increased by abnormal immigration of mendicants from elsewhere, who have been attracted by the hope of gratuitous assistance. Each of the problems requires separate but co-ordinated treatment. From the long-run point of view adequate procurement arrangements seem to us the crux of the administrative problem—for without a solution of this problem there is reason to fear that Bengal will continue to draw to an abnormal extent on available food supplies from outside the Province, and thus complicate and aggravate the food problem elsewhere, particularly in the heavily deficit areas on the West Coast. To be satisfactory, procurement machinery must be such as to make it certain that all physical supplies avail-

able within the Province must come within the control of Government. In detail, this will involve the control by Government over the movement of foodgrains within every part of the Province and the elimination of any and every form of competitive buying. It is hardly necessary to add that all imports into the Province from any part of India must come under the control of the Director of Civil Supplies, whether by direct consignment to him or by being taken over by him on arrival.

8. At this stage it is well to examine somewhat more fully the development of Central Policy. As already pointed out, the Food Department was established on December 2, 1942. It inherited from the Commerce Department the principle of a statutory maximum price of wheat—first imposed in December 1941, which in the course of 1942 had been buttressed by (a) control over movements of wheat between Provinces and between Provinces and States, (b) control over Futures and Option Trading. We examine this legislation—which has received more condemnation than it in reality deserved—in a later chapter (Chapter 8, paragraph 11). But undoubtedly it was a defective form of control, and undoubtedly, so long as supplies could be withheld, the mere control over movements was not enough. The feeling that Government would ultimately be driven to raise the price encouraged withholding from sale. For the purpose, therefore, of ensuring, a freer supply of wheat and to damp down the activities of the black-market, it was decided to decontrol wheat, and this was done by Notification dated 25th January 1943. Prices rose at first, but after an initial period steadied down to a level of about Rs. 9-10-0 per maund in the producing areas. A considerable quantity of wheat was acquired before the new crop, but it is possible to exaggerate the direct influence of the removal of control. The new crop was known to be large and this fact probably would have influenced sales in any case. In 1943, however, the normal influence of new crop was mitigated by the delay of about a fortnight, due to weather conditions, which impeded marketing. So far as it went, decontrol was popular, but it weakened the position of the Food Department in urging control, at a time when the underlying forces were making it more imperative than ever that the situation should be kept fully under command. The Department also inherited the Foodgrains Control Order, first promulgated on May 21, 1942—an order which must be central to proper administration. We say more on this point in Chapter 11 below.

9. In the middle of December the first formal Food Conference was held. Food prices had at times been the subject of discussion at the various Price Conferences held under the auspices of the Commerce Department and the Provinces had been given, very early in the War, the power to regulate the prices of the " necessaries of life ", which did not, however, include the power to regulate the prices of foodstuffs until certain categories of foods, including grains, pulses and flour were specifically added by a notification of May, 25th, 1940. The first formal Food Conference was primarily concerned with the determination of the surpluses and deficits of the various Provinces and States and with plans for the distribution of surpluses. On the 26th January, 1943, the Food Department addressed all Provincial Governments on the subject of procurement and distribution of surpluses, the speedy setting up of purchasing agencies and the formulation of " Target Figures " of surpluses and deficits for a Basic Plan. For the purpose of clarifying detail, a second Food Conference was called when agreement was reached on all points of detail and policy and by a majority vote of Provinces alone, the Conference left it to the Centre to decide the " actuals " which were to form the operative basis of the Plan

10. We deal in a separate chapter below (Chapter 9) with the so-called "Basic Plan". At this stage all that it is necessary to record is that *when* the figures for surpluses and deficits, called for by the Food Department, were examined, it was discovered that the surpluses and the deficits could not be equated, *i.e.*, that there was a "gap" between what the deficit Provinces stated that they required and the amounts of various foodgrains which the Provinces with surpluses in those foodgrains asserted that they could deliver. In the end, the Food Department had to resolve the immediate problem by resort to Council. There are in fact various technical reasons why the absolute figures could not be taken at their face value. But in the last few months there has been much loose talk about the "failure" of the Basic Plan, talk which has greatly confused the issue by failing to distinguish between (a) non-agreement between the estimated deficits and surpluses, (b) failure on the part of particular Provinces (and States) to actually deliver the quantities which they had agreed to deliver. Neither constitute a "failure" of the Plan in the sense that the principle underlying the Plan, namely, that the surplus Provinces should come to the assistance of the deficit Provinces, is unsound. A plan may fail in the sense that its principle is unsound and there may be failure in the sense that the standard of performance is defective. As things have been, public opinion has been allowed to receive the impression that in *both* respects the Basic Plan has been radically unsound. This, we believe, to be one of the contributing factors to the present state of confusion and there is no justification for so pessimistic an interpretation.

11. The Food Department had already been apprehensive of the Bengal situation before the position in that province actually deteriorated very sharply at the end of March. Then the pressure upon the Food Department became very intense. In the earlier days of the life of the Food Department, it had been necessary to come to the rescue of Bombay and Travancore-Cochin. Now it became necessary to subordinate all other considerations in order to come to the help of Bengal. In this way the pressure on other areas, naturally, became more acute, except in so far as the incoming rabi enabled larger procurements to be made. (For figures, see appendix to this Chapter.)

We think it necessary to draw special attention to the despatches actually made to Bengal, because the fact of the acute distress prevailing there is very well-known, whilst the efforts of the Centre to come to the assistance of Bengal have not received the same amount of attention. But the gravity of the Bengal situation led to a change in policy which we feel gravely prejudiced the situation, and has led to charges of vacillation of policy which have seriously damaged the position of the Centre. We refer to the inauguration and subsequent withdrawal of the "Free Trade Policy".

12. The *object* of the policy was to bring out hidden supplies in the Eastern Region, if necessary by means of higher prices, thus bringing down prices in Bengal. The *method* of the policy was to remove the restrictions on movement as between Provinces and Provinces and States. In fact, the very sharp and sudden rise in the prices which were offered by the agents of the Bengal Government *did* evoke a response in the shape of increasing supplies, but the whole action did *not* lead to a commensurate increase in Bengal supplies, owing to counter-measures taken by certain Provinces. In taking these measures—their legality is in some cases open to doubt—we believe that these Governments had the support of local public opinion, which was alarmed at the prospect of losing supplies and suffering high prices. The inauguration of the policy also embittered the relations between the Provinces and the Centre, the former complaining of haste and lack of consideration, the latter of obstruction. From this point of view, the whole episode shows how urgent a general understanding

as to the principles which *should* govern the relations between the Centre and the Provinces is in the interests of India as a whole. We present our views on this subject in Chapter 12.

13. Whatever might have been the *ultimate* consequences of the Free Trade Policy—we have more to say on the subject in Chapter 6, paragraphs 2 and 3—it was not allowed to work itself out. The protests from the Provinces and the confusion which resulted led Government to summon (a) the (Short-term) Food Conference which assembled in Delhi on July 5th, 1943, and (b) to appoint a Long-Term Foodgrains Policy Committee, with the terms of Reference set out above. As a result of the deliberations of the first-named body, the then Food Member announced the decision of the Government of India as being that Free Trade as an immediate practicable expedient is not possible under existing War conditions. For the rest, the most important decision of the Third Food Conference was a recommendation that the Basic Plan should be continued in the light of the experience gained in the previous three months. The Committee also recommended direct financial arrangements between surplus and deficit areas without the intervention of the Centre but we do not think that this was intended to refer to more than the actual payments to be made for supplies received. The Committee did not, as far as we can judge, intend that the question of price should be settled direct between the Provinces without the intervention of the Centre. In either case, we are unable to agree with the recommendation and have suggested a return to the *status quo ante* (see below Chapter 8, paragraph 6). The Free-Trade episode was over and the Provinces have since (August 16) had restored to them the power over movements which they necessarily lost when Free Trade was introduced. Meanwhile, the crisis in Bengal has deepened and is now most acute.

14. Since the Committee first met, they have become increasingly aware of the importance attached by public opinion to two related matters appertaining to the food-situation, matters upon which a great many exaggerated rumours have been afloat. They have therefore gone into these two matters, *viz.* : Overseas Exports and Imports and Army Purchases in two separate Chapters of this Report (Chapters 4 and 5 below). On July 23, the Government of India in a Press-note announced that " In view of the gravity of the rice position in India, the Central Government find it impossible to undertake, until further notice, further exports of rice from India ".

15. The work of the Food Department is primarily concerned with the distributive aspect of the food-situation : with procurement, with the allocation of such surpluses as are available between the various provinces in deficit, with the necessity of seeing that the flow of supplies is not held up either by physical difficulties of transportation or the economic difficulties arising out of the propensity to hoard, with the price problem. These matters are all dealt with in relative chapters of this Report. But, obviously, the Food situation can be eased if there is an increase in production : This aspect of the situation, now crystallized in the slogan " Grow More Food " began to be dealt with long before the Food Department was created, as an immediate consequence of the Burma situation in the spring of 1942. The Department of Education, Health and Lands summoned a Food Production Conference on April 6, 1942, which was opened by the Hon'ble Member in charge of the Department (then the Honourable Mr. N. R. Sarker). He rightly laid stress on two aspects of the situation—the threat implied by the cessation of imports and the growing transport difficulties of the country. In urging the need for a concerted programme, he used prophetic words :—

> " Any programme that may be drawn up for the purpose will then have to be put into operation on a co-ordinated basis backed by an intensive and planned effort on the part of Provincial and State Governments. Should

it be found that the net shortage cannot be completely made good, then, other questions such as substitution of that commodity by surpluses of other foodstuffs, will have to be taken into account. If all such measures fail to completely fill up the gap, then, it would be for the various governments to consider how far an all-round cut in the consumption of that commodity must be voluntarily accepted by all the Provinces and the States. In such a contingency, I am afraid there may be a tendency to ban exports from one unit to another. Such a policy, examined in the background of larger and ultimate national interests, would be extremely shortsighted. Although I have incidentally referred to economic self-sufficiency as an objective, I have done so only with the object of providing an incentive to increased production and in the special circumstances in which communications may be interrupted or dislocated. My intentions are far from supporting the ideas of a narrow economic nationalism ".

The food situation in India to-day would be much easier if the economic interdependence of all parts of this Sub-Continent had always been in the forefront of people's minds.

16. When the " major foodgrains " are referred to in this Report, the phrase should be understood as referring to the following grains :—

" Wheat, Rice, Bajra, Gram, Jowar, Barley and Maize."

APPENDIX TO CHAPTER 1.

Statement showing quantities of foodgrains received by Bengal, Bombay, Travancore and Cochin during January—July, 1943.

(In tons.)

Foodgrains	Bengal	Bombay	Travancore and Cochin
Rice	71,126*	59,245	68,596*
Millets	13,838	85,400	6,921*
Wheat	73,761	117,410	14,207
Wheat Products	9,790	3,586	4,972
Gram	217*	6,864	2,935
Total	168,732	272,505	97,631

*Receipts upto July 10th.

CHAPTER 2.—THE STATISTICAL POSITION.

1. We begin with a consideration of the Statistical Position, a matter of very great complexity. Not only are the figures imperfect, but they relate to a crop year which in most provinces runs from the 1st July to the 30th June next, and thus neither corresponds to the calendar year nor to the financial year which runs from 1st April to 31st March. The harvesting of the different foodgrain crops occurs at different times of the year and it is a matter of peculiar complexity to estimate the exact amount which enters into consumption in any one year, whether it is the calendar year, the financial year or the agricultural year. Speaking generally, the *rabi* foodgrain crops, *viz.*, wheat, barley and gram are harvested during the months of March, April and May and the *Kharif* food crops, jowar, bajra and maize from August to December. Rice stands on a slightly different footing. There are three crops, the main crop being the winter crop which is harvested from November to January. The summer crop is negligible but the autumn crop represents a considerable portion of the crop in the Provinces of Bengal, Assam, Bihar, Orissa and United Provinces where, speaking roughly, it is about one-third of the winter crop. In Madras, there are three crops, the first crop being harvested from September to January, the second crop from January to March and the third crop from April to June. This illustrates the difficulties in estimating with

any degree of accuracy the actual consumption in any particular calendar or financial year. Abstracting from the question of stocks, it must be remembered that each *rabi* crop must be spread over the next twelve months, that is, from the three-months period, March, April and May to the next period of March, April and May. The *Kharif* crops must be spread from one period of August-December to the next period of August-December. The main rice crop must run from one period of November-January to the next period of November-January. Since the financial year includes practically one entire *rabi* crop, it may be assumed that that will be consumed *within* the financial year : the next *rabi* crop coinciding with the opening of the next financial year. But, as regards the rice crop, only one-half of it can be consumed within the financial year within which it is harvested (*i.e.*, November-January to March) and as regards the *Kharif* crop only two-thirds can be consumed if anything is to be left over for consumption in the four months, April—July of the next financial year, before the *Kharif* crop of *that* year comes into consumption. The statistical problem of determining just *how much is consumed within* any financial year is added to by the fact that there are both imports and exports, and it does not necessarily follow that the imports of any one financial year are consumed within that year, and how much is carried over : just as exports may not be taken out of the current crop, but out of stocks.

2. Consumption is, of course, a continuous process, much more continuous than the food supplies upon which it depends. Harvests fluctuate from year to year and the maintenance of average consumption is assisted by drawing upon stocks and varying imports and exports, increasing the former and diminishing the latter in bad years, or following upon bad years, and reversing the position in good years. Figures as to carry-over are not available at all, and, as already pointed out, it is not easy to adjust crop figures and net imports to one another. It seems to us best to give, first, separately the production figures of the seven major foodgrains (crop years) and then the net imports (*i.e.*, imports *less* exports or exports *less* imports) for recent financial years. (We must make it clear that the net imports or exports of paddy have not been reduced to rice terms or wheat flour raised to wheat terms. The actual food value of these imports is thus somewhat less than the crude figures indicate.)

Year.	Aggregate yield of seven foodgrains. (*Crop* years) Thousand tons.	Net quantities of foodgrains* or foodgrains product imported (+) or exported (—) (*Financial* years)
1935-36	49,885	+ 1742 †
1936-37	55,481	+ 1246 †
1937-38	54,324	+ 629
1938-39	49,584	+ 1044
1939-40	53,061	+ 2,221
1940-41	50,173	+ 993
1941-42	51,817	+ 431
1942-43	53,928	— 361

*Including pulses.

†Figures prior to separation of Burma are not strictly comparable with later figures.

3. The first point which must strike the reader is that, as regards the estimated production of the seven major foodgrains, there has been no consistent trend upwards or downwards for the whole of the period covered, production varying (as estimated) from 55·5 million tons to 49·6 million tons, whilst pre-war imports did *not* show any trend either. This is a statistical position which

is inconsistent with the known fact that population increased by 50 millions over a decade and this fact of so large a population increase is itself inconsistent with any assumption of a progressive deterioration in the standards of consumption, which would not have permitted such a population increase to take place. There *must* be statistical defects to which we later refer.

4. From the point of view of this Committee, the significant point is that the four years since the outbreak of the War, whilst not revealing any crop-figure as good as that of 1936-37 or 1937-38, do not reveal any crop-figures as low as 1935-36 or 1938-39. Moreover, if anything, the trend in the last three crop-years is upwards, from a low figure of 50·2 million tons in 1940-41 to nearly 54 million tons in 1942-43. The obvious difference lies in the net import position. What is even more astonishing, however, from the statistical point of view, is that if the total amount available for consumption in the last four pre-war years is compared with the amount available for the four war years, the aggregate amount and, therefore, the average, differs by only a small amount : *viz.*:

Net amounts available for consumption (Million tons) (*i.e.*, production *plus* net imports or *less* net exports).

	1939-40 to 1942-43		1935-36 to 1938-39
1939-40	55·3	1935-36	51·6
1940-41	51.2	1936-37	56.7
1941-42	52.2	1937-38	54.9
1942-43	53.6	1938-39	50.6
Totals	212.3	Totals	213 6
Yearly average	53.07	Yearly average	53·4

5. It must be pointed out that, quite apart from known defects of statistical technique, these figures are bound to understate, throughout the whole of the period under review, pre-war as well as war period, the total Indian production, owing to the non-inclusion of some lands or defective information about other lands.

(i) Information is *entirely lacking* for about 44 per cent. of the total area covered by the Indian States. Again there are some States, who, though they furnish the area figures under foodgrains, do not keep any record of production at all, *e.g.*, so large and important a State as Kashmir, covering two million acres under foodgrains, does not report any production figures.

(ii) Of the rest, the permanently settled estates, lands held on privilege tenure, and unsurveyed areas which still represent a considerable aggregate area, the acreage as well as the outturn cannot be more than a rough estimate, owing to the non-existence of trained village establishments or the absence of maps or both.

(iii) There are several important omissions in the published statistics, *e.g.*, Punjab is omitted under rice until 1939-40 ; Punjab States under gram and some Indian States under barley, jowar and bajra.

(iv) There is no information whatsoever of the area under foodgrains in the Tribal Areas of the N. W. F. P. and British Baluchistan.

6. The imperfections of yield statistics in India are well-known but will bear re-capitulation. In the case of wheat and rice, the figures are those given in the annual forecasts of yield estimated on the basis of three factories, *viz.*, the area cultivated, the standard normal yield per acre, and the condition factor which determines the fraction representing the relation of the crop reported on to the normal crop per acre.

Area statistics are fairly reliable, in those parts of the country where land revenue settlement is temporary and where village revenue staff exists. In areas, in which the system of permanent settlement prevails, the acreage figures under the crop are based on reports by the village chowkidar and, as has been already stated, are at best a rough guess. In British India, 62 per cent. of the net area sown is temporarily-settled under ryotwari and zamindari tenures and 21 per cent. is permanently settled, while the rest is subject to different forms of concessional tenures or is accounted for by lack of statistics.

The second factor is that of the standard yield. The Department of Agriculture in every Province maintains a statement of the normal or average per acre of land of average quality to which alterations are made, if necessary, on the basis of crop-cutting experiments. Such experiments are, however, rarely planned scientifically to give a reliable guide. The last year for which the quinquennial average is available is 1936-37, while figures for 1941-42 are in the course of preparation.

The third element in estimating the outturn is the condition factor, which is reported by village revenue officials in temporarily-settled areas where such officials exist, and by men of the rank of the village chowkidar in other areas. Next, the reported figures for various villages are averaged for the district. The result arrived at, modified by such correction factor as is deemed necessary by the Provincial Agricultural Department, is passed on to the Statistical Authorities.

Various devices have been suggested to improve the accuracy of these factors, but we believe that sufficient improvement cannot be expected until the system of reporting both for area and the condition factor is placed on a sound footing. We have gone into these well-known considerations at this length because it is an essential part of our recommendations that the proposals now under consideration in the Department of Education, Health and Lands of the Government of India for securing improvement in crop statistics should be implemented without further delay. But, as these defects have been known to exist for many years, they do *not* affect any comparison between pre-war and war years.

7. Over much the greatest part of India, nothing, except the natural vicissitudes of Nature, good or bad monsoons, flood or drought, has significantly affected the course of agricultural operations. Life is harder in some ways : there is shortage both of consumers' and producers' goods, and costs of production have risen. Nevertheless, prices have been considerably higher and propaganda and inducement to " Grow More Food " has resulted, as we discuss at further length in the next chapter, in an increase of some 85 lakhs of acres in respect of Kharif crops and wheat. *We are forced to the conclusion, therefore, that, certain specific areas apart, the food-crisis in India does not derive from an absolute decline in the volume of internal, physical production. It would be easier if the crisis, the gravity of which we desire not to minimise, but to emphasise, could be described in any such simple formula. It is the complexity of the factors producing the crisis which constitutes the difficulty of overcoming it.*

8. Our view, to put it positively, is this : It is necessary to distinguish between *absolute* changes in supply, and changes in *available supply* and the latter has fallen more than the former. The food crisis has been accentuated on the *Supply Side* (i) by the fact that certain normally deficit areas (Bombay and Malabar Coast) have been deprived of a disproportionately large part of their normal supplies by the cutting off of Burma imports, (ii) by the reduction of normal supplies (and the destruction of stocks in the normally surplus districts of Bengal due to the cyclone of October, 1942 It has been accentuated on the *Demand Side* by (i) the combination of an adverse

supply situation in Bengal with an adverse psychological situation due to proximity to the War Zone, (ii) a diminution in the relative magnitude of the marketable surplus through increased holding and|or increased consumption by the cultivator who in the depression period was probably eating less than was requisite for full efficiency which reacts with disproportionate effect upon the urban consumers as a whole, (iii) probably some increase in *per capita* consumption by those in receipt for the first time, of higher money incomes, (iv) some withholding from sale of available stocks, for " investment " and " black market " reasons, (v) a decline in the absolute size of the rice carry-over, (vi) an increased demand, which could not always be satisfied and *therefore* exerted an altogether disproportionate influence on prices, for personal and family " security " reasons.

9. In this chapter we are concerned primarily with the statistical aspect of the situation, and it is the tragic fact, which we desire to emphasize, that so many of the most important elements in this complex problem are not amenable to statistical control. The size of the normal " carry-over " is unknown : the size of the marketable surplus is also not known with any exactitude, taking foodgrains *as a whole* : for obvious reasons of prudence, neither the trader nor the private individual who has been accumulating stocks is anxious to display an exact picture of what he has. But it does not in the least follow, because a factor cannot be stated in exact, absolute, terms of magnitude, that it does not play an important role : on the contrary, the greater the degree of ambiguity, the greater the possible effects—since rumour and panic can magnify and distort without it being possible to correct the effects by an appeal to statistical fact.

10. There is one aspect of the situation which, though familiar to professional economists, is not familiar to the general public and is in itself a cause of apprehension, quite apart from the intrinsic difficulties caused by the phenomenon itself. In certain parts of India, prices have risen very greatly and the public is inclined to regard the rise of prices as a direct, proportionate measure of the degree of deficiency—thus, there is an inclination to argue that if, *e.g.,* prices of foodgrains have doubled, that is a proof that supplies have halved. *This is an absolutely erroneous interpretation of the real state of affairs.* It is a fact, scientifically first observed and analysed in the 17th century by Gregory King, that a *given percentage decline* in the available supply will result, in the case of foodgrains, in a *more than proportionate percentage rise of prices.* The demand for foodgrains, in other words, is highly inelastic and prices will rise out of all proportion to any reduction in physical supply or available supply. There is no reason whatever to suppose that the absolute rise of prices in Eastern India, or indeed, in any other part of India, is a directly proportionate measure of the degree of deficiency.

It may also be pointed out that Gregory King's law also disposes of the suggestion, which also has gained great currency, that the high level of food prices is a direct measure of the degree of inflation. Since foodgrain prices tend to rise more than proportionately to the degree of non-availability, the phenomenon of rapidly rising prices cannot be linked to inflationary phenomena in any direct way at all.

11. We have already referred, in the previous chapter, to the series of events which have deepened the crisis hanging over Bengal. We now proceed to consider the significance of imports in relation to the present food crisis. It is undoubtedly true that, even allowing for the marked disparity in imports from year to year, they represented only a small percentage of India's massive production of foodgrains, but such a bare statement statistically correct as it may be, gives a totally misleading impression of the food situation in India and

the very vital role that imports used to play in relieving the situation. In the first place, the bulk of India's imports consisted of rice to meet the requirements of certain well defined areas such as Malabar, Cochin, Travancore and Bombay which are heavily deficit in rice. For these areas the imports represented a very substantial percentage of their total requirements, far in excess of what would be indicated by the small percentage of over-all deficit for the country as a whole. Stoppage of imports of rice for these areas means a very considerable hardship, which is enhanced when a cut is imposed in a year of bad harvest, such as the current year, on what is normally spared for them from surplus areas.

12. The over-all deficit is not a correct index of the degree of scarcity in urban areas. The marketable surplus which normally goes to the urban areas from year to year is not a fixed percentage of the total production, but the balance of what is left over after meeting the requirements of the rural areas. It must be borne in mind that this balance consists of the margin of millions of holdings and the size of each margin depends on the requirements of the cultivator and his family and on the economic forces which determine how much of his produce the cultivator must sell to meet his pressing cash liabilities. It is a well-known fact that the majority of the cultivators are subsistence farmers and in years when they get good prices for their produce, as they are getting now, they would eat more than usual and the size of the margin which contributes to the marketable surplus would be correspondingly reduced, as by reason of prevailing high prices the cultivator has to part with less foodgrains than before for paying his rent and meeting other cash liabilities. Prices being as high as they are the cultivator can afford to retain enough foodgrains for himself and his family even in a year of bad harvest. It, therefore, follows that under the present circumstances the size of the marketable surplus going to the urban areas would be less than before and it will be further reduced in a year of bad harvest. Thus the shortage in urban areas would be much more acute than what would be indicated by the small percentage of over-all deficit. An illustration with some hypothetical figure will make the main point clear. Suppose India's normal production is 100 units, of which 80 units are retained in the rural areas and 20 units go to the towns. Suppose in a year of bad harvest, the production falls to 90 units. Other things being equal, what would go to the towns is not 20 per cent. of 90, but 90 *minus* 80, *i.e.*, 10 units which is 50 per cent. of the normal supplies available to the towns. In other words, although the over-all deficit might be only 10 per cent., the deficit in urban areas might be anything up to 50 per cent. In real life things do not follow such a simple course, as several other factors come into play, but this illustration serves to bring out the important fact which is often overlooked that the acuteness of shortage in urban areas is out of all proportion to the over-all deficit. In the third place, imports act as a safety-valve in years of bad harvest. The knowledge that foodgrains are available from Overseas markets gives the people a feeling of security and prevents them from rushing headlong into panicky hoardings at the first signal of shortage. It will be realised, therefore, that imports have, apart from their intrinsic worth, a great psychological value, the importance of which cannot be over-estimated. Indeed, the absence of imports reacts adversely on the food situation to an extent which is out of all proportion to the actual magnitude of imports. It must also be borne in mind, in considering the statistical position, that owing to higher wages and better employment, the earnings of appreciable sections of the population have increased during the War-years. Undoubtedly, as experience confirms in all countries, one of the first effects of such an increased income, when the initial income is low, is an increased expenditure on foodstuffs. This may take the form, in part, of a substitution of better for inferior qualities, but it may also

take the form of increase in gross intake. For this there are, of course, valid physiological grounds at a time when increased energy is expended in actual work.

13. To appreciate the *general pre-crisis* position in the various Provinces, a brief study of the normal supply position of those areas in so far as this depends on inter-Provincial movements will be useful. We have however gone into somewhat more detail in dealing with the crisis areas. We begin with Provinces which are net importers of foodgrains in normal times. Normal production is taken as the average of the three years 1938-39 to 1940-41. Net imports and exports have been calculated on the basis of the average of the same period (1938-39 to 1940-41) by taking into account imports and exports by (a) rail and river, (b) sea and (c) coast (including Kathiawar).

(i) *Assam.*—This Province (including State of Ranipur) normally imports 14,000 tons of foodgrains a year as detailed below :—

		Tons.
Rice	Net exports	8,000
Wheat	Net imports	19,000
Jowar and bajra	„ „	Negligible
Gram	„ „	3,000
	Total net imports	14,000

The principal problem of the Province is to provide for its large plantation labour, its refugee population and the large military forces which are stationed there at present. The responsibility for the last-named rests with the Central Government, but the presence of such large forces has led to a shortage of provisions such as milk, eggs and poultry which normally supplement the rice diet of the civilian population.

(ii) *Bengal* is a net importer of foodgrains to the extent of about 5 lakh tons as detailed below :—

	(Thousand tons)		(Thousand tons)
	Imports	Exports	Net Imports (+) or exports (—)
Rice	872	648	+ 224
Wheat	319	63	+ 256
Jowar and bajra	1	..	+ 1
Gram	57	21	+ 36
			+ 517

The imports do not form a very large proportion of Bengal's total foodgrains which averaged 75 lakh tons during the period 1938-39 to 1940-41. But to understand the situation in Bengal to-day, it is necessary to go into the matter a little more closely and in somewhat greater detail. Leaving out wheat, gram, jowar and bajra which do not materially affect the position in Bengal one way or another, the average production of rice during the period 1938-41 is estimated at 73 lakh tons and the net imports 2¼ lakh tons. On this basis the average amount available for consumption per annum works out at 75¼ lakh tons. Taking however, the corresponding figures for 1935-38, the amount available for consumption on the same basis works out at—

Average production ..	86·82
Net exports	2·31
	84·51 lakh tons.

Such wide disparity in the amount available for consumption of rice worked out on the same basis but choosing two different but proximate periods of three

years, can only be explained by the fact that the actual consumption per annum in Bengal must be steadier than the *annual* amounts available for consumption and what happens is that in years of bad harvest, people fall back on the reserves carried forward from year to year of which no estimate whatsoever is available. In a lean year such reserves are drawn upon and in years of plenty they are replenished. Looking through Bengal's production for the thirteen years, 1930-43, given below :—

Year.	Tons.	Year.	Tons.
1930-31	9,206,000	1937-38	9,034,000
1931-32	9,493,000	1938-39	7,567,000
1932-33	9,364,000	1939-40	8,471,000
1933-34	8,680,000	1940-41	6,043,000
1934-35	8,273,000	1941-42	9,821,000
1935-36	7,208,000	1942-43	6,916,000
1936-37	9,805,000		

It will be observed that 1938-39, 1939-40, and 1940-41 were, comparatively speaking, lean years—the year 1940-41 being the worse on record. Reserves were obviously running dangerously low since 1940-41. The harvest of 1941-42 was however excellent—production being estimated at 98 lakh tons and part of it must have been applied to replenish the reserves which were well-nigh exhausted. But hardly had Bengal recovered from the depression of the lean period 1938-41 when the disastrous cyclone took place in October 1942 which not only destroyed a large portion of the standing crops of the three main surplus districts in Bengal, *viz.*: Midnapore, 24 Parganas and Bakarganj, but what is more and what is generally overlooked, the cyclone must have destroyed in its trail large stocks of paddy stored in these surplus areas. Added to this was the extensive damage of the standing crops by insect pests and diseases. The rice year 1942-43 opened with a short crop, with the reserves already reduced to a dangerously low level and no prospect of imports. It is impossible to estimate the deficit in 1942-43 rice year (September 1942—August 1943) as no figures of stocks carried forward are available. In what follows an attempt is made to assess it. Bengal's normal consumption including seed requirements may be taken as the mean of the average of 1935-38 and 1938-41 periods, which works out at roughly 80 lakh tons per annum. Though the 1941-42 crop was a large one, yet it was probably not sufficient to allow of the carry-over being built up to the normal figure, in view of the exceptionally small-crop of the previous year. The 1942-43 crop was a small one of the order of 69 lakh tons. No figures of imports and exports are yet known, but assuming they cancel each other, the shortage in supplies works out at 11 lakh tons which roughly represents about 7 weeks normal requirements of rice in Bengal. This shortage, which is by no means small, coupled with the hoarding which ensued when the shortage became known, furnishes to our mind sufficient explanation of the famine conditions which unhappily we are witnessing in Bengal to-day.

Bombay, Madras, Travancore and Cochin were faced with deficits of almost similar magnitude, but they succeeded in mitigating the hardships by taking energetic administrative action. But in fairness to Bengal, it should be borne in mind that ever since the fall of Burma the province has been on the front line of the war the exigencies of which necessitated the taking of certain action which probably encouraged hoarding and militated against maximising production. Added to this was the disastrous cyclone which not only destroyed crops and large stocks but also took a heavy toll of human lives, cattle and other properties. To crown all these there were series of air-raids in Calcutta and Eastern Bengal. It should be recognised that all these factors made the problem in Bengal much more complicated than in areas more happily situated.

(iii) *Bihar* is also a deficit province, tht average aggregate imports of the five foodgrains for which rail and river-borne statistics are separately available, being about 275,000 tons a year made up as follows :—

	Net Imports or Exports of Bihar (000) tons.		
	Imports.	Exports.	Net Imports. (+) or Exports (—).
Rice	229	26	+ 203
Wheat	107	26	+ 81
Jowar & Bajra	4	..	+ 4
Gram	12	25	— 13
Total			+ 275

In addition to this, we have been informed by the Bihar representative on the Committee that about 74,000 tons of rice (in the form of paddy) are imported from Nepal every year.

The total production of the seven foodgrains in Bihar averaged 44 lakh tons during the years 1938-39 to 1940-41. Thus in the case of Bihar also, the imports do not represent a large percentage of her total production.

The rice problem in Bihar is complicated by the following factors :—

(a) a considerable coal mining and industrial population has to be maintained ;

(b) of the agricultural population, a large number engaged in growing sugar-cane and tobacco has to be supported ;

(c) the proportion of internal production of rice which comes on the market is small ;

(d) the principal rice exporting district, Purnea is on the border of Bengal and in normal years supplies rice to Darjeeling and Jalpaiguri.

As for *wheat*, Bihar produces a substantial quantity of inferior red variety, of which only a very small proportion comes to the market. It appears from the statement placed before us by the Bihar representative that Bihar normally exports small quantities of maize and barley and is a surplus producer of pulses.

(iv) *Cochin and Travancore*.—For Cochin and Travancore together, the representative of the Travancore State estimated an average yield of 3,55,000 tons of rice a year for an almost exclusively rice-eating population of 7.7 million people. After allowing for seed requirements, the net amount available for consumption is placed at 3,38,000 tons. The yield in the current year 1943-44 is expected to be only 3,20,000 tons on account of a partial failure of the monsoon and breaches in the dammed area of the backwaters. At the modest rate of 275 lbs per head per annum (a ration which may be expected to be supplemented with tapioca) for 75 per cent. of the population, and of 25 per cent. of this for the rest, the requirements of the Travancore State would be 6,17,000 tons. The requirements of Cochin at a per capita rate of 231 lbs. would be 1,51,000 tons ; so the aggregate requirements of the two States amount to 7,68,000 tons. This would represent a deficit of 4,48,000 tons. In the three years 1938-39 to 1940-41 the average net imports of Cochin and Travancore together were 4,46,000 tons. We have therefore, come to the conclusion that this area will remain heavily in deficit until the resumption of imports from abroad and recommend that the supply arrangements of this area should be placed on a satisfactory basis.

(v) *Bombay* used to import on an average 7,64,000 tons a year, detailed as follows :—

(000) tons.

	Imports	Exports	Net Imports (+) or Exports (—)
Rice	619	186	+ 433
Wheat	303	92	+ 211
Jowar & Bajra	120	62	+ 58
Gram	76	14	+ 62
Total			+ 764

The deficit is fairly large compared to Bombay's internal production estimated, at 46½ lakh tons. The shortage is more acutely felt as the province has to support a large urban and industrial population which normally depended on imports.

(vi) *Madras* is a net importer of foodgrains to the extent of 848,000 tons a year. The details of this are given below :—

(000) tons.

	Imports.	Exports.	Net Imports (+) or Exports (—)
Rice	1,208	584	+ 624
Wheat	100	24	+ 76
Jowar & Bajra	20	9	+ 11
Gram	227	90	+ 137
Total			+ 848

Compared to the internal production estimated at 67 lakh tons, the deficit is not inconsiderable. According to the Madras representative on the Committee, the deficit has been aggravated in the current year because of the failure of the monsoon in the previous season and the cessation of sea-borne imports. The current year's deficit is estimated at 647,000 tons of rice, 680,000 tons of millets, 330,000 tons of gram and pulses and 70,000 tons of wheat making a total of 1,727,000 tons. Comparing these figures with those in the table given above, the deficit in rice, wheat and gram appears to be due to the absence of normal imports, while that of millets is due to the failure of this crop in which the province is normally self-sufficient.

(vii) *N.-W. F. Province* is slightly deficit in foodgrains, her net imports being 38,000 tons as shown below :—

(000) tons

	Imports	Exports	Net Imports (+) or Exports (—)
Rice	7	1	+ 6
Wheat	25	1	+ 24
Jowar and Bajra	1	..	+ 1
Gram	7	..	+ 7
Total			+ 38

15. Apart from imports from overseas which will be discussed in a later chapter, assistance to deficit areas can be given only from surplus provinces, the

normal resources of which are briefly discussed below. The figures given have been calculated on the same basis as for deficit areas.

(i) *Punjab* is a net exporter of foodgrains to the extent of 754,000 tons, details of which are given below :—

(000) tons.

	Imports	Exports	Net Imports (+) or Exports (—)
Rice	46	63	— 17
Wheat	4	688	— 684
Jowar and Bajra	37	34	+ 3
Gram	10	66	— 56
Total			— 754

(ii) *United Provinces.*—The province is a surplus area for the five foodgrains taken together, the average exports being 69,000 tons a year, made up as follows :—

(000) tons

	Imports	Exports	Net Imports (+) or Exports (—)
Rice	187	26	+ 161
Wheat	95	139	— 44
Jowar & Bajra	11	91	— 80
Gram	5	111	— 106
Total			— 69

(iii) *Sind.*—Separate figures of rail and river-borne trade for Sind alone are not available as Sind, British Baluchistan and Khairpur State together form one trade block. The average exports from this block a year are as follows :—

Rice	—	150	(thousand tons)
Wheat	—	50*	,, ,,
Wheat products	—	78	,, ,,
Jowar and Bajra	—	20	,, ,,
Gram (Net imports)	+	10	,, ,,
Gram products	—	40	,, ,,
Total	—	328	,, ,,

(*This figure takes into account known imports by river boats on the Indus at Sukkur, figures which are not given in the All-India statistics.)

The principal characteristics of the exports from Sind are that though their absolute volume is not large relatively to total Indian consumption, they form a substantial proportion of the provincial yield, being 30 to 35 per cent. in the case of wheat and rice ; and that the exports of the products of the wheat and gram milling industry form a high percentage of the total exports.

(iv) *Central Provinces and Berar.*—This area is a net exporter of foodgrains to the extent of 234,000 tons as shown below :—

(000) tons

	Imports	Exports	Net Imports (+) or Exports (—)
Rice	5	179	— 174
Wheat	23	48	— 25
Jowar & Bajra	13	13	..
Gram	3	38	— 35
Total			— 234

The export of 174,000 tons shown in the above table includes exports from the 15 Indian States comprised in the C. P. and Berar trade block. The internal production of foodgrains of this province is estimated at 37 lakh tons.

We have been informed by the representative of the Provincial Government on the Committee that as a result of a good harvest in the case of rice and of the 'grow more food' campaign in the case of juar in the crop year 1942-43, the Provincial Government calculated their statistical surpluses and deficits in March 1943 as follows :—

Crop	(lakh tons) Surplus (+) or Deficit (—)
Rice	+ 3·65
Juar	+ 1·50
Pulses	+ 1·38
Gram	+ 0·06
Wheat	— 0·80
Total	+ 5·79

The final *rabi* forecasts however increased the wheat deficit to 1·14 lakh tons, converted the small gram surplus into a deficit of 0.09 lakh tons and reduced the surplus in pulses to 1.00 lakh tons.

(v) *Orissa* has an exportable surplus of some 182,000 tons chiefly in rice as shown below :—

(000) tons.

	Imports	Exports	Net Imports (+) or Exports (—)
Rice	2	185	— 183
Wheat	10	..	+ 10
Jowar and Bajra	..	..	..
Gram	2	11	— 9
Total			— 182

16. One fact clearly emerges from a comparison of surplus and deficits, namely, that it will not be possible to "marry" the deficit in a *particular* foodgrain with a surplus of the *same* foodgrain. This is particularly so in the case of rice. The food-problem in India, therefore, is not merely that of securing an adequate supply for the entire population, but of adjusting the habits of a population accustomed, e.g., to the consumption of rice so that it will be willing to consume a substitute, e.g., millets. This aspect of the problem has an important bearing upon the problem of Rationing, which is dealt with in Chapter 7 below.

17. **Our conclusions are that :—**

(i) **The present position regarding agricultural statistics relating to production,** distribution, export, consumption and stocks is most unsatisfactory. An improvement in the position is not only desirable but essential

for the formulation of a successful food-policy. We, therefore, recommend that the proposals for the improvement of agricultural statistics which are now before the Department of Education, Health and Lands should be implemented forthwith. In particular, the proposals for the improvement of the reporting agencies in the permanently-settled Provinces should be taken in hand with financial assistance from the Centre if necessary. In view, not only of the present crisis, but also of the world-situation, especially, which does not promise much improvement in the immediate post-war period, a more accurate determination of the statistical facts in relation to India's food supplies, is absolutely essential.

(ii) There is nothing in the internal situation in India to suggest that, apart from the cessation of imports from Burma and the vicissitudes of Nature—which affected Bengal adversely in 1942 and 1943, and have also influenced the Madras position, the absolute physical volume of supply has been impaired. But it is not doubtful that (a) the amount actually available out of the physical supply has decreased and (b) that demand, in relation to the availability of Supply, has increased.

(iii) The food crisis has been accentuated on the Supply Side, (i) by the fact that certain normally deficit areas (Bombay and Malabar Coast) have been deprived of a disportionately large part of their normal supplies by the cutting off of Burma imports, (ii) by the reduction of normal supplies (and the destruction of stocks) in the normally surplus districts of Bengal due to the cyclone of October 1942, and by the widespread disease in the Aman paddy crop of Western Bengal. It has been accentuated on the Demand Side by, (i) the combination of an adverse supply situation in Bengal with an adverse psychological situation due to proximity to the War Zone, (ii) a diminution in the relative magnitude of the marketable surplus through increased holding and|or increased consumption by the cultivator who in the depression period was probably eating less than was requisite for full efficiency, which reacts with disproportionate effect upon the urban consumers as a whole, (iii) probably some increase in per capita consumption by those in receipt, for the first time, of higher money incomes, (iv) a decline in the absolute size of the rice carry-over, (v) some withholding from sale of available stocks for "investment" and "black-market" reasons (vi) an increased demand, which could not always be satisfied and therefore exerted an altogether disproportionate influence on prices, for personal and family "security" reasons.

(iv) The absolute rise of food prices does not measure the absolute decline in the volume of available supply, since it is a long-established fact that food-prices rise disproportionately to decline in supply.

(v) Imports of foodgrains act as a safety-valve in years of bad harvest and as such play an important role in relieving the food situation by mitigating anxiety. The absence of imports reacts adversely on the food situation as a whole (apart from the effect in certain specific areas) quite disproportionately to the actual magnitude of imports.

(vi) A reduction in the marketable surplus may be disproportionate to actual changes in physical supply, and in its turn has a disproportionate effect on urban supplies.

(vii) The administrative problem does not alone consist in "marrying" surpluses and deficits in particular foodgrains. This is not possible, and it will only be possible to master the situation by large scale substitution, in the habitual dietary of the population, of one foodgrain for another.

CHAPTER 3.—' GROW MORE FOOD CAMPAIGN ' : REQUIREMENTS TO MAKE IT FULLY SUCCESSFUL.

During the Great War No. I and also in the present war until the outbreak of hostilities in the Far East, there was no shortage of food in India. When, therefore, the course of the war against Japan made it clear in the spring of 1942 that India would be temporarily cut off from Burma, her main source of supply, India was confronted with a problem, which is indeed unparalleled in her recent history. The first step taken by the Government of India was to call a Food Production Conference of representatives of Provinces and Indian States, which met on the 6th April 1942. The comprehensive recommendations made by it were embodied in a series of resolutions which formed the basis of the ' Grow More Food ' campaign, initiated by the Government of India in the summer of 1942. Although the campaign was not started early enough, it appears to have achieved a fair measure of success—thanks to the willing and active co-operation of the Provinces and the Indian States who adopted various measures recommended by the Conference to the extent practicable.

2. Statistics of *rabi* crops other than wheat are not yet available but in respect of *kharif* crops and wheat, there was an increase in the area under foodgrains of the order of 85 lakh acres over the 1941-42 acreages. The 1942-43 monsoon over the country as a whole was one of the best on record. The harvest of all foodgrains was generally good, but for the failure of the rice crop in Bengal owing to the disastrous cyclone in October and the extensive damage by insect pests and disease, the failure of millets crops in Bombay owing to the failure of rains in October and the partial failure of both millets and rice-crops in Madras owing to the deficiency and mal-distribution of both monsoons in that Province. The additional area under the foodgrains was secured chiefly by diverting lands from short-staple cotton to foodgrains. To encourage the ' Grow More Food ' campaign in 1942-43, the Government of India sanctioned grants from the Fund for the benefit of cotton growers to assist the latter for diverting lands from short-staple cotton to food crops and assured the cultivators of foodgrains of protection against an undue fall in the level of prices.

3. For the current year 1943-44 the action taken by the Government of India may be summarised as follows :—Targets of minimum increase in the acres under major foodgrains to be aimed at by the various provinces have been fixed on the basis of the requirements of the country as a whole, including those of the defence services and for essential exports, estimated by the Food Department. The targets aim at a total increase of 100 lakh acres under *kharif* and of 13⅓ lakh acres under *rabi* crops, over the average of the period 1936-1939. It is hoped that provided weather conditions are not unfavourable, they will yield at least the minimum increase required to meet the country's over-all deficit. The Indian States who are co-operating whole-heartedly have intensified their food production drive with a view to achieving the maximum production possible. Any increase obtained by them will be additional to what is expected from the provinces to cover the estimated over-all deficit. It need hardly be stated that all these calculations are liable to be upset by an unfavourable monsoon, other adverse climatic factors and unforeseen calamities.

4. During the current year financial assistance has been offered to the Provinces to ensure that no sound scheme which holds promises of increasing the supply of food quickly is held up, owing to the inability or reluctance of provinces to finance it, and with a view to keep down the acreage under cotton to the level of 1942 season, the offer has been renewed, both to the Provinces and the Indian States, for grants from the Cotton Fund to assist the cultivators in diverting their lands from cotton to food crops and to finance such measures as may be considered necessary to achieve the purpose in view. That the Provinces and States have not been slow in taking advantage of these

offers is borne out by the fact that the Government of India have so far sanctioned about a crore of rupees in loans, Rs. 49 lakhs in grants-in-aid to the Provinces and Rs. 15 lakhs from the Cotton Fund to the Provinces and Indian States. The Government of India have further renewed the assurance of a reasonable market for all foodgrains produced during the War and for one year thereafter. Side by side with the steps taken to grow more food crops, they have intensified the campaign to grow more vegetables (including potatoes) which furnish a suitable and nourishing supplement to or substitute for foodgrains.

5. While the Committee appreciate the efforts which have been made so far for the intensification of the ' Grow More Food ' campaign, they feel that a greater effort is needed to meet the grave situation which confronts the country to-day. They are convinced that the only satisfactory solution of the food problem lies in assuring abundant supplies for all, which under existing conditions is feasible in the main only by increasing the production in the country itself.

6. Agricultural production does not admit of any sudden innovation. The various ways by which it is practicable to increase production are well known and no purpose will be served by recapitulating them here. Speaking generally the production of food crops may be increased in three ways ; (a) increasing the output of the existing areas by intensive cultivation (b) replacing unwanted crops by food crops and (c) bringing fresh lands under cultivation.

7. Intensive cultivation needs intensive manuring. Intensive manuring can only be successful if there is an assured water supply. The Committee are satisfied that, in the existing circumstances, the only sure ways of increasing production quickly is by the extension of irrigation facilities and manuring, the two essential requisites of intensive cultivation. While the importance of manuring is fully recognised, the extreme inadequacy of available manure supplies in the country has been prominently brought to the notice of the Committee. Speaking generally, there are three sources of manures : (1) composting of organic matters, (2) oil-cake and (3) chemical fertilizers. The various Departments of Agriculture have been for some years past carrying on propaganda for the composting of organic matters in the farmyards, but one very important source which does not appear to have been tapped on any large scale in this country is the utilization of very large quantities of town refuse and night soil, which are available throughout the country. Chinese agriculture has for the last forty centuries depended entirely on the intelligent use of these manures and the yields obtained by the farmers of that country are, speaking generally, definitely higher than those ordinarily secured in this country. There is, therefore, no reason why this important and valuable source of manures should be ignored in the agricultural economy of India. The Committee are aware that a good deal of experimental work has been done in devising simple methods of preparing compost from town-refuse and it has been demonstrated that it is practicable for municipalities to manufacture cheap and efficient manures from them by employing such methods. The Committee are also glad to note that the Government of India through the Imperial Council of Agricultural Research have already sponsored a scheme for the training of staff which will enable a number of Provinces and States to introduce these methods of composting in their areas. In the opinion of the Committee, this is a scheme of unlimited potentiality and they would like to see the work taken up in earnest by all the urban municipalities throughout the country with the least possible delay. In this way the urban areas can in no small measure pay back the debt they owe to the rural areas for the supplies of essential foodgrains. The Committee would strongly recommend to the provincial and state Governments to render all possible assistance to the municipalities in making this scheme a success, particularly by undertaking sustained propaganda among the cultivators to overcome their natural prejudice against the use of this manure and to explain to them its usefulness and potency.

8. The supply of indigenous oil-cake manure would also appear to be extremely inadequate. The total quantity of oil-cake produced in the country amounts to about 14½ lakh tons per annum. Half of this is required for feeding the cattle and the remaining half is insufficient for manuring the intensively-grown crops, such as sugarcane, potatoes, vegetables, tea and so forth and hardly anything is left for manuring foodgrains, although efforts have been made to utilize part of the available supplies for manuring the foodgrains crops, particularly rice. Lastly, the evidence tendered before the Committee shows that India is almost starved of chemical fertilizers. Before the war our average annual imports of chemical fertilizers used to be 84,000 tons. The country produces on an average some 28,000 tons of sulphate of ammonia. It has been estimated that even for maintaining the existing level of production of intensively-cultivated crops such as tea, sugarcane, potato and vegetables, the rock-bottom requirements amount to 52,000 tons per annum against 1,10,000 tons normally available before the war. But the Committee understand that not more than 10,500 tons will be available during the next 12 months for agricultural purposes, as a part of what is locally produced is required for other essential purposes. Not only, therefore, is no chemical fertilizer available for manuring food crops but its shortage makes it necessary for crops such as tea, coffee and sugarcane to be manured by oil-cakes, thus further reducing the supply of the latter for food crops.

9. The imperative necessity of increasing the supply of Ammonium Sulplate is obvious, if effective action is desired to increase the supplies of foodgrains quickly. Experiments carried out so far indicate that in certain parts of the country, particularly in Eastern India, application of Sulphate of Ammonia at the rate of 16-20 lbs. of Nitrogen per acre would result in an increased yield of the order of 3 maunds of cleaned rice per acre. Ammonium sulphate has a nitrogen content of 20 to 21 per cent. If, therefore, 3.5 lakh tons of Sulphate of Ammonia can be made available for manuring 80 to 90 lakh acres of suitable land, an increase in the production of rice by 8 lakh tons per annum may be reasonably expected. The problem of the rice deficit is not merely a war-time problem. Even after Burma has been retaken, evidence given before the Committee indicates that a fairly long period must elapse before appreciably large quantities of rice would become available for export, from that country. To meet the situation for some years after the war and to make her less dependent in future on Burma and other overseas markets, India must plan immediately for wiping out at least 50 per cent. of her deficit in this all-important foodgrain. This can only be done by setting up a fertilizer industry in the country on a large scale.

The Committee were informed that all the raw materials necessary for manufacturing Ammonium Sulphate are available in India and all that is necessary for starting its manufacture is to arrange for the importation of such essential plants as are not available or as cannot be fabricated in India. These plants, the Committee were further advised, would not occupy any very large shipping space. It is understood that given necessary facilities and priorities, the production of fertilizer would materialise within a period not exceeding two years. As there would appear to be no alternative other than the provision of adequate quantity of Ammonium Sulphate for increasing the yield of rice quickly, the Committee would most earnestly and strongly recommend to the Government of India to give with the least possible delay necessary assistance and facilities for the importation of plants for the manufacture of this fertilizer, to the extent of at least 3,50,000 tons a year which would ensure sufficient increase in production to meet half the average deficit in rice. Over 180 lakh acres of rice land out of a total of over 720 lakh acres are irrigated. There is, therefore, sufficient irrigated rice land available for applying this manure intensively to good purpose. The Committee feel that, other sources failing there is ample

justification for securing the plants from U. S. A. under Lease|Lend arrangements. It need hardly be added that one of the essential conditions for granting the necessary facilities would be the acceptance of strict control over the price and distribution of the finished product so as to ensure that it is utilised to the best advantage in increasing food production in India. We need hardly add further that Government should assist in all other ways open to it such as affording technical advice.

10. The necessity of protecting crop production from the vagaries of the monsoon is a fact beyond dispute ; Irrigation has been proved to be essential not only under the desert conditions prevailing in North-Western India, but also under the comparatively high rainfall conditions in the Eastern and Southern regions. Yet hardly 20 per cent. of the area under crops is irrigated in British India. It must be admitted, therefore, that there is ample scope for extending irrigation as an insurance against uncertain weather factors. The Committee recognise that major irrigation projects are not possible of execution under the present emergency conditions but they were impressed by the evidence of Sir William Stampe, Irrigation Adviser to the Government of India, who pointed out that apart from major projects, it was practicable to improve and extend irrigation facilities to increase production within a short time. Amongst such projects may be mentioned those which required engineering skill, such as the installation of tube-wells and pumping of water from river-beds by means of mechanically or electrically-driven pumps. Then there are such projects as the sinking of open percolation wells, the excavation of tanks and the regulation of the flow of water in small streams and *nalas* whereby water from such sources could be utilised for irrigating the immediately surrounding areas. They would not only add materially to the immediate needs of increased production, but they would confer a permanent benefit on the agriculture of the areas concerned.

Drainage of land is as important as irrigation. In certain parts of the country, notably in Eastern India, large tracts of land suffer from inundation, with the result that considerable volumes of water are left stagnant after the flood waters have subsided thereby seriously interfering with the production of crops. It is not beyond the ingenuity of experts to undertake drainage of these areas to ensure adequate production from these silt-laden soils which are capable of giving very high yields.

The Committee are glad to note that a certain number of irrigation schemes and drainage schemes have been already initiated in Provinces and States with financial assistance from the Centre and the Cotton Fund, but they feel that much more should be done. They accordingly recommend to the Government of India to urge the Provinces and States to promote with all possible expedition and energy such irrigation and drainage schemes as promise quick results.

11. Unless land is properly and adequately cultivated, no amount of other facilities whether of irrigation or manuring is likely to succeed in producing the extra crops so urgently required. For such adequate cultivation provision of cattle, agricultural implements and machinery is of the utmost importance.

Agricultural production in India depends mainly upon bullock power. Milk and milk products form an essential component of the food of the people. it is, therefore, of paramount importance that the cattle wealth of India, particularly the plough cattle, transport bullocks and milch animals must be preserved in the interest of food production in the country. Owing to the exigencies of war, a larger number of cattle are at present finding their way to the slaughter houses for the production of meat. This was brought prominently to the notice of the Central Food Advisory Council at its first meeting last year and that Council recommended the prohibition of slaughter of cows in milk, pregnant cows, all cattle under 10 years of age fit for being used for ploughing or transportation. This resolution, the Committee are informed, has been

accepted by the Government of India and commended to the Provincial Governments but they are not satisfied that these restrictions are being enforced as strictly as the situation demands. The Committee wish to draw the attention of the Centre, the Provinces and the Indian States to the imperative necessity of taking all possible steps to prevent the depletion of India's prime cattle, so essential for food production, by the rigorous enforcement of the prohibitions recommended by the Central Food Advisory Council, through a trained inspecting agency which should be immediately appointed. No loophole should be left for the slaughter of useful cattle, either male or female.

12. It has been brought to the notice of the Committee that due to the very strict control of iron and steel, which are so urgently required for other very essential purposes, the cultivator is finding it increasingly difficult to replace his worn-out implements and their parts at reasonable prices and on an adequate scale. This state of affairs must not be allowed to go unchecked. In the United Kingdom agricultural machinery and implements are classified as ' Munitions ' of War. The Committee see no reason why the same high degree of priority should not be granted for the supply of raw materials required for all essential agricultural implements in this country. It is understood that the appropriate Department of the Government of India has already taken steps to secure an adequate quota of iron and steel for this purpose. The need for taking prompt action is great. It is hoped that no time will be lost in ensuring that the cultivator does not suffer from a shortage of agricultural implements and that he gets them at reasonable prices.

13. In this connection it is relevant to point out that not a few large estates and plantations in the country depend to a very large extent on power-driven agricultural implements for their cultivation. It is not practicable for them to switch over to bullock cultivation, as this would be uneconomical under the conditions in which they work. The only solution is for the appropriate Department of the Government of India to render adequate assistance to such agriculturists in importing the requisite number of tractors, and other agricultural implements and their parts, particularly those which cannot be manufactured in the country. An essential feature of this recommendation is that sufficiently adequate stocks of spare parts of these machines and implements must be maintained to keep them in working order. The Committee are glad to note that following a recent conference, called by the Imperial Council of Agricultural Research at the instance of the Government of India, necessary action has already been initiated in this matter.

It has been brought to the notice of the Committee that producers are working under a severe handicap of inadequate supplies of fuel and lubricating oils to run their existing irrigation plants and power-driven agricultural machinery. This in its aggregate must have a serious effect on the production of the areas concerned and the Committee cannot view this state of affairs with equanimity. They, therefore, recommend that the Departments concerned should provide adequate facilities to the agriculturists who depend upon lift irrigation to secure the amount of fuel and lubricating oil required by them. Similar facilities should be extended to all those who have other oil-driven agricultural machinery in order that production may not suffer for want of adequate oil supplies.

14. Turning to the question of replacing unwanted crops by food crops with a view to increase the production of foodgrains, reference has already been made to the fact that the increase in the area under food crops during 1942-43 season was secured chiefly by diverting lands from short-staple cotton to food crops. The necessity for an all-out production of food crops and of keeping down the acreage under cotton to last year's level remains, but compulsory restriction of the area under cotton on an all-India basis has not been found feasible. The Government of India have, however

approached the Provinces and Indian States to take all measures considered necessary to restrict the area under cotton to last year's level and have renewed their offer of assistance from the Cotton Fund to finance these measures. The fact must, however, be faced that, in the absence of compulsory restriction, it will be extremely difficult to prevent some increase in the area under cotton owing to the fact that last year's short-staple cotton crop fetched a very high price. It is understood that the whole position will be reviewed in October 1943, by which time the position with regard to *kharif* crops will be known and the desirability of introducing compulsion will then be considered afresh. In this connection the Committee's attention was drawn to the fact that the Provincial Governments had no powers either to limit the cultivation of specified crops or to exercise a general control over agriculture. It was noted that an Ordinance had been issued in September 1942, amending Section 2 (ii) (xx) of the Defence of India Act empowering the Central Government to make rules delegating to the provinces the powers to regulate and control agriculture, but no such rules had yet been issued. The Committee consider the matter most urgent and recommend that the issue of rules giving the necessary powers to the Provincial Governments should not be further delayed.

A word may be said here about the planning of India's agricultural economy by regulating the acreage under various food and non-food crops. Such planning, however desirable, is impracticable at the present time when conditions are changing from day to day. Even if a plan could be worked commanding general acceptance of all the Provinces and Indian States—and this is a big ' if ' when one considers the difficulty experienced in allocating acreage to rival provinces of even a small crop like jute—it would be administratively impossible with the resources at present available, particularly in technical staff, to embark on such a comprehensive programme of crop planning embracing 50 to 55 million holdings in this country. Such planning should no doubt be considered as a part of the long-range post-war reconstruction policy, but it would appear that the best results from the available resources in men and finance would be obtained by doing whatever is practicable in the existing circumstances. The issue of the rules recommended by the Committee under the Defence of India Act giving powers to Provincial Government to regulate agriculture will enable them to take whatever action they consider feasible for increasing the area under food crops.

15. A glance at the agricultural statistics of India shows the existence of very large areas of land described as ' cultivable waste other than fallow '. From this, it would, however, be a mistake to jump to the conclusion that with such large areas lying uncultivated it should not be difficult to produce the food required by simply extending cultivation to them. There are practical difficulties in quickly bringing such culturable but uncultivated areas into cultivation ; otherwise the pressure of population and the land-hunger of people would have brought them under the plough long ago. Some of them are located in unhealthy tracts, others lack irrigation facilities, some again are situated in tracts where labour is not easily available and others, again, are such as would not yield an economic return under normal conditions. The work involved in bringing the major portion of these lands under the plough is of a long-range nature and is more suitable for consideration and action on the basis of a post-war reconstruction plan. There are, however, areas not inconsiderable, which lend themselves to immediate production and they should be harnessed to the food production drive. One such area that has been prominently brought to the notice of the Committee is situated in Assam. The Commitee therefore welcome the Resolution on Land Settlement of the Government of Assam, dated the 24th August. " The present urgent need of growing more food " it says " have led Government to review, the present policy in respect of land settlement. The main need is for an acceleration of the process

by executive action, and for the amplification of the present policy in certain respects ". The Resolution continues as follows :—

" 2. Government have accordingly decided :—

(a) in the districts of Kamrup and Darrang to encourage further settlements of the indigenous population in the submontane areas, and in other parts of the districts to add to the colonization areas by opening more lands for the immigrant population, and particularly by dereserving lands reserved for professional graziers, when these are found to be surplus to requirements ;

(b) in the district of Nowgong to proceed with the development scheme outlined in the Government of Assam's resolution of June 1940, whereby blocks of land will be apportioned to different communities in proportion to their needs. Here also the surplus portions of professional grazing reserves will be opened to settlement in the same way ;

(c) in the districts of Sibsagar and Lakhimpur to open surplus reserves and to encourage further settlement of waste land and with the indigenous population.

3. A special officer is being appointed at once to examine the grazing reserves with a view to determining how far these are surplus to requirements. He will begin with the district of Kamrup and work up the Valley, making recommendations to Government as the examination proceeds. He will thereafter examine in consultation with the local Forest Officers of Laokhoa and Orang in Nowgong and Darrang districts with a view to see whether they should be deforested in whole or in part, for settlement in the same way as the remaining waste land to be thrown open in these two districts."

We hope that the process of land settlement for which provision is made in the aforesaid Resolution, will, as far as possible, be accelerated.

16. Another matter to which the Committee would like to draw pointed attention is the necessity of under-polishing rice to increase its available supplies. Rice when husked by hand gives 3 to 4 per cent. more yield than when milled in a power-driven mill. Hand-pounded rice is not subjected to polishing and, therefore, gives a higher outturn than machine-milled rice which has to go through the polishing process. It is also a fact that hand-pounded rice is more nutritious. In the course of the evidence, it was suggested that if the entire paddy production of India were hand-pounded, it could very nearly wipe off the Burma deficit. It was, therefore, urged that all the rice mills in the country should be shut down. The Committee cannot accept this view. Apart from the fact that machine-milled rice is less liable to insect attack than hand-pounded rice, such a step would involve endless delays in making rice available quickly to the urban population, particularly as in certain areas, the bulk of the rice is at present machine-milled and it would not be easy to switch over to hand-pounding at short notice. No further dislocation in the rice trade can possibly be permitted at this juncture. It should also be pointed out that in India as a whole, only 27 per cent. of the rice is machine-milled, as against 73 per cent. which is hand-pounded. It is not, therefore, correct to say that by shutting down the mills, the entire deficit of rice could be wiped out.

To make the available supplies go further and to make the milled rice more nutritious it is, however, practicable, as has been done in Madras and some other provinces and states, to issue orders under the Defence of India rules requiring millers of rice to under-mill compulsorily. The Committee therefore, recommend that similar orders should be immediately issued in all Provinces and Indian States where this has not been already done. The Committee attach very great importance to this recommendation and hope that the Provincial and State administrations will give effect to it immediately.

Certain difficulties experienced by the rice-milling industry were brought to the notice of the Committee and it was stated that they were being put to a great deal of inconvenience for want of adequate supplies of mill stores. The efficient running of these mills to capacity is essential in order to quickly provide adequate quantities of rice from the paddy harvest and the Committee strongly recommend that the Government of India should render effective assistance in making adequate quantities of mill stores available to rice mills in the country.

17. The drive for an all-out production of food crops in the Provinces and States has thrown a very heavy responsibility on the Departments of Agriculture which are in most cases very inadequately staffed. Unless these Departments are very considerably expanded, it will be unfair to expect them to carry out the work envisaged by the Committee either adequately or efficiently. Increased production brooks no delay and this cannot be achieved in the absence of adequate trained personnel of the various Departments of Agriculture. The Committee, therefore, strongly recommend that Provincial and State Governments should take steps to increase the strength of their Departments of Agriculture immediately.

18. As has been stated in an earlier paragraph, the Government of India, have, during the current year, given liberal financial assistance to the Provinces and States for the intensification of the ' Grow More Food ' campaign. In fact the Committee were informed that no sound scheme which holds promise of increasing the supply of food quickly has been refused assistance by the Government of India. The task of assuring abundant food supplies for the country as a whole is, however, a stupendous one beyond the resources of the provinces. The Committee, therefore, express the hope that the Government of India will continue to offer generous assistance to the provinces so as to ensure the complete success of the ' Grow More Food ' campaign.

19. All progress is based on research and this is no less true in the case of agriculture. In all countries faced with food problems very large sums are being spent not only on long-range research but also on such short-range research calculated to solve the immediate and pressing problems with which they are faced. It will, in the opinion of the Committee, be a short-sighted view to treat agricultural research as a matter of subsidiary importance during war-time and deny it adequate funds. They feel that the annual income of the Imperial Council of Agricultural Research derived from the cess on the export of certain agricultural commodities and other sources which averaged about Rs. 17 lakhs is not enough. It is probable that the Council's income is being adversely affected by the fall in exports of Agricultural commodities. The Committee would, therefore, strongly recommend to the Government of India to provide adequate funds for agricultural research particularly for such short-range research as is connected with the intensification of the food production drive.

20. We accordingly recommend :—

(i) Government should encourage the large-scale distribution of improved seed.

(ii) Steps should be taken by Government to promote the production of compost from night-soil and town-refuse.

(iii) Assistance should be afforded to industrialists for the importation of plant and in all other ways such as the giving of technical advice for the manufacture of Ammonium Sulphate to the extent of at least 350,000 tons a year.

(iv). The Government of India should urge upon the Provinces and States to promote with all energy and expedition such irrigation and drainage schemes as promise quick results.

(v) It is imperatively necessary to prevent depletion of India's serviceable milch and draught cattle by the vigorous enforcement of the prohibitions recommended by the Central Food Advisory Council.

(vi) The appropriate Department of the Government of India should secure an adequate quota of iron and steel, required for the replacement and repair of worn-out or defective agricultural implements.

(vii) The Committee welcomes the assurance recently given by the Government of India that action has been initiated in regard to the importation of tractors and other agricultural implements and their parts.

(viii) Facilities should be afforded to agriculturists to enable them to secure the fuel and lubricating oil required by them.

(ix) No further delay should take place in the issue of the rules giving the necessary powers to Provincial Governments to regulate crop production and to compel the cultivation of culturable waste lands.

(x) We welcome the resolution of the Government of Assam, dated the 24th August 1943, by which improved provision is made for the process of land settlement in various districts. We hope that the process of land settlement for which provision is made in the aforesaid Resolution, will, as far as possible, be accelerated.

(xi) The present restrictions laid on the milling of rice in Madras in regard to under-polishing should be extended to other rice Provinces.

(xii) The relevant Department of the Government should take the necessary steps to assist rice mills to obtain sufficient supplies of mill stores.

(xiii) Provincial and State Governments should take steps to increase the strength of their Departments of Agriculture.

(xiv) Schemes of research, especially those which have a bearing upon the immediate short-range problems of food production should be adequately endowed.

CHAPTER 4.—IMPORTS AND EXPORTS.

When imports and exports are referred to in this Chapter, what is meant are movements of foodgrains across India's political frontiers, either inwards or outwards. This means that imports from one Province into another, and exports from one Province to another are altogether excluded. It is very unfortunate that public opinion does not always distinguish between inter-Provincial movements and imports and exports over India's political frontiers. Inter-provincial movements do *not* affect the net position of India as a whole *at all* : imports and exports over the political frontiers do affect India's net position.

2. It is only since the separation of India and Burma that the Indian trade statistics give a complete picture of imports of rice and paddy from that country ; before that time the information can only be obtained from the Burma Trade Statistics. The following figures, therefore, begin with that year.

3. The movements of foodgrains across the political frontiers of India is by no means an easy figure to determine because to arrive at accurate results, movements over land frontiers have to be taken into account, as well as movements by sea, and some of these latter movements take place through the Maritime States, the statistics of which are separately recorded.

The following figures relate :—

(i) to rice, wheat, wheat-flour, barley, millets, gram and pulses, and

(ii) to movements by sea, land routes and through Maritime States. The figures add ton to ton : that is a ton of paddy is treated in the same way as a ton of rice, though the *net* food value of a ton of paddy is less than that of a ton of rice. Similarly a ton of wheat and a ton of wheat-flour are treated in the same way—though a ton of wheat has a smaller net content of consumable wheat than a ton of wheat-flour.

4. The net movements, inwards and outwards, of the foodgrains mentioned above have been in tons :—

Imports and Exports of Foodgrains by Sea including trades of Maritime States and movement by the land frontier.

(*tons*)

	1937—38	1938—39	1939—40	1940—41	1941—42	1942—43
	1	2	3	4	5	6
All Foodgrains.—						
Imports .	1,596,138	1,871,693	2,713,632	1,549,182	1,202,149	18,541
Exports . .	966,834	827,991	492,714	556,267	770,997	379,170
Net . .	+629,304	+1,043,702	+2,220,918	+992,915	+431,152	—360,629
Rice and Paddy.						
Imports . .	1,421,798	1,561,855	2,428,059	1,374,888	1,066,074	18,132
Exports . .	256,726	308,757	289,459	277,690	342,969	276,816
Net . .	+1,165,072	+1,253,098	+2,138,600	+1,097,198	+723,105	—258,684
Wheat including Products.						
Imports . .	33,854	165,692	98,237	23,765	20,072	163
Exports . .	539,145	361,082	78,862	144,609	279,611	26,122
Net . .	—505,291	—195,390	+19,375	—120,844	—259,539	—25,959
Other foodgrains (including pulses and flour)						
Imports . .	140,486	144,146	187,336	150,529	116,003	246
Exports . .	170,963	158,152	124,393	133,968	148,417	76,232
Net . .	—30,477	—14,006	+62,943	+16,561	—32,414	—75,986
Net Imports :—						
Rice . .	1,165,072	1,253,098	2,138,600	1,097,198	723,105	—t
Wheat . .	—	—	19,375	—	—	—

—	1937—38	1938—39	1939—40	1940—41	1941—42	1942—43
	1	2	3	4	5	6
Other grains (including pulses and flour)	—	—	62,943	16,561	—	—
Total . .	1,165,072	1,253,098	2,220,918	1,113,759	723,105	—
Net Exports:—						
Rice . .	—	—	—	—	—	258,684
Wheat . .	505,291	195,390	—	120,844	259,539	25,959
Other Grains (including pulses and flour)	30,477	14,006	—	—	32,414	75,986
Total . .	535,768	209,396	—	120,844	291,953	360,629
Net Position .	+629,304	+1,043,702	+2,220,918	+992,915	+431,152	—360,629

(a) Exports figures include re-exports figures for sea borne trade only.

(b) Re-export figures of all the grains for 1941-42 & 1942-43 are included in exports of other grains for these years as separate figures grain by grain are not available.

(c) Imports figures by land frontiers for the year 1942-43 being not avilable have not been included in the table.

(d) Figures for maritime States for 1942-43 relate to 11 months only (April to February 1943).

5. These figures will well repay detailed study. They show that, whilst India both imports and exports both wheat and rice the significance of wheat in the export-trade relatively to imports of wheat is much greater than is the significance of rice in the export-trade relatively to imports of rice. In other words, the dependence of India upon rice-imports is greater than her dependence upon wheat-imports. Moreover, in the pre-war years, this dependence upon rice-imports was progressively increasing. The figures, in other words, reinforce the point already made in paragraph 16 of Chapter 2, on the Statistical Position, namely, that the food problem in India cannot be solved merely by an absolute increase in the supply. A very considerable degree of substitution will remain necessary, and this will remain true, even if substantial imports can be arranged for ; since it is clear that so long as South East Asia remains in Japanese hands, it will be easier to secure foodgrains other than rice from Overseas countries rather than rice itself.

6. Until recently, the volume of imports and exports was not a matter of public controversy or comment. It is true that there was an occasional discussion of the duty on wheat and wheat products, and that in some quarters there was a demand for an import duty upon rice. It is only the deepening crisis which has made this subject one of acute interest to the entire nation.

7. The present and announced policy of the Government of India is not to allow exports of foodgrains, a principle which was first laid down last March and since reaffirmed by Council. We think this is the right and, indeed, the inevitable policy for Government to adopt. The only question is whether this step should not have been taken earlier. There are two different considerations which have to be borne in mind. Firstly, the cessation of all foodgrain exports undoubtedly inflicts great inconvenience—it is possible to go further and say considerable hardship, on the areas which primarily depended in part on supplies from India and|or Burma, areas also which

contain a large Indian population, such as Ceylon, or which are linked by intimate racial and religious ties with a large community in India, such as the Arab Sheikdoms. From the standpoint of strategy also, Ceylon must be regarded as an integral part of the United Nations bastion against Japanese aggression and from the same point of view, it was not to India's interest to have unrest due to absence of food supplies, fostered in areas which lie close to vital communication lines between India and the Middle East. Moreover in 1942 the submarine campaign was eating into the available supply of tonnage in a most alarming fashion. We can understand why, from this point of view, the acquisition of supplies from India may have represented a net saving of ton-miles of vital importance under the circumstances. In any case, a sudden cessation of supplies is not to be contemplated except under circumstances of the most acute kind. These have been present recently, but were not present in 1942.

8. On the other hand, it is only recently that the full significance of the loss of imports has been realized. As we have pointed out already, the absence of imports not only seriously embarrasses the position of certain deficit areas, to an extent which is quite disproportionate to the absolute difference in India's food position as a whole by the cessation of imports, but also seriously affects the sense of security generally. From the point of view of re-assuring the public, an earlier cessation of exports would have done something to compensate these adverse consequences of the cessation of imports.

9. It is not the case that the Food Department has not pressed the necessity for imports upon His Majesty's Government. The first proposal to this effect was made as long ago as July 1942, and later in the same year a more elaborate programme was drawn up. The Food Department also asked for imports, very shortly after the establishment of that Department. To these various requests His Majesty's Government agreed to a certain extent and a not inconsiderable quantity of wheat was shipped to India, though less than was asked for in the original import programmes drawn up by the Government of India. The net amounts finally involved considerably exceeded 150,000 tons.

10. We have now to consider the whole question of imports and exports in relation to future food policy in India. We would preface our remarks by pointing out that in the present excited state of public opinion no useful purpose can possibly be served by implicit credence being given by commercial bodies or the Press to rumours and allegations which, on examination, are found to be either completely untrue or wild exaggerations of the facts. To indulge in these manifestations of feeling is as serious as to give credence to rumours regarding enemy activity. In this respect the public must keep its head. We urge, as equally important, and as the only effective way of preventing these rumours from obtaining large-scale acceptance, the utmost candour on the part of the Food Department. We are aware that security reasons do not always allow a full statement of the facts to be made. But we feel that, in weighing the danger of giving information to the enemy against the danger of allowing rumour and panic to batten upon igorance, the latter is to be accounted much the greater evil at the present time. We do not believe that in the past, adequate attention has been given to the subject of proper publicity arrangements by the Food Department, and in our discussion of the future organisation of the Food Department, we have certain proposals to make under this head (see below, Chapter 10, paragraph 16).

So far as exports are concerned, we wish to state the position quite unequivocally. In our judgment, India must cease, for the duration of the

War and until rice shipments are again available from Burma, to be a net exporter of food and a net exporter of rice altogether. We are aware of the fact that, *e.g.*, it may be convenient, in the light of the global distribution of ships and supplies, for shipments, say, from the West Coast to the Persian Gulf, to be compensated by imports into Calcutta or Madras or the East Coast.. That is what we mean by saying that net Indian exports must be *nil*. But we wish to make it as abundantly clear as language can convey, that under no circumstances should the Food Department commit itself even to such compensatory arrangements, unless it has been furnished with the most convincing guarantees that for every ton of foodgrains it is prepared to release another ton of foodgrains is made available to it. There must be no nibbling at this principle and it must be made fully clear to all the parties interested that this is the considered and irrevocable policy of the Government of India. In no other way will it be possible, in our judgment, to dispose once and for all of the crop of rumours which have done, and are doing, an immense amount of harm to the spirit of the country.

12. Next, as regards imports. We have already pointed out above, and in our chapter on the Statistical Position, that the role of imports in the economy of India cannot be judged solely in the light of the percentage difference made to the over-all absolute Indian food-supplies. The position of certain deficit areas is closely bound up with the maintenance of imports and they constitute an important buttress to the strengthening of public opinion, and an important weapon in the battle against the profiteer and the hoarder.

13. We believe that the following steps are necessary so far as imports are concerned.

First, India requires an amount of 500,000 tons to build up a Central Foodgrains Reserve. We deal with this question again in connexion with procurement (see below, Chapter 6, paragraph 8). The problem is a two-fold one—to break defeatism and to curb the monopolist who is prepared, for his own profit-making motives, to hold Government to ransom. In our judgment, viewing the situation in India as a whole, the best guarantee for securing the maximum flow of supplies from the cultivator to the consumer is a Central Reserve.

We do not urge this, or any other expedient mentioned below as a substitute for vigorous efforts on the part of every Administration in India, but as a supplement thereto. But the procurement and rationing programmes which we deal with in detail in Chapters 6 and 7 and the price-problem which we examine in Chapter 8, need this reserve to attain maximum efficiency.

14. Secondly, India requires for current consumption an amount which we cannot put at less than at the average of net imports for the last five years : an amount which would be equal in round figure to 1,000,000 tons a year.

15. Further we feel that the time has come when the whole question of the impact on the food situation of the strategical plans now being elaborated by the United Nations in so far as they concern the presence of large Overseas Forces in India, should be reviewed both by the Military Authorities and the Food Department. We need say no more on this point at this stage, but refer to what we have to say in Chapter 5, paragraph 11 *et seq.*

16. Our programme therefore calls for an import of at least 1½ million tons in the first year, and of at least one million tons thereafter. In support of these recommendations we wish to urge with all emphasis the following. Firstly, we are well aware of the fact that other nations also, not least the United Kingdom, are going through a period of intense strain. Secondly, we are conscious of our ignorance of the strategical plans of the United Nations and of the claims which these may involve upon the shipping resources of the Allies, as well as of the margin of net new tonnage accruing to them.

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We have, indeed, no desire whatever to minimise the strain which the fourth year of this world war is imposing upon the economic resources of the entire globe. If we advance this claim, as indeed we do with emphasis, we do it well knowing the difficulties, and well understanding that other nations also have a right to be considered. But we must insist upon two counter-considerations.

17. Firstly, though it is true that taking India as a whole, (and subject to the qualification that certain deficit areas constitute an exception to this generalisation) and taking an average of years, she may broadly be described as only slightly less than self-sufficient in food grains as a whole, nevertheless the self-sufficiency implied by this statement at the very best is self-sufficiency at a very low level of *per capita* consumption. There is very little room, taking the country as a whole, for the process of tightening the belt. We have it on the authority of the highest nutritional expert in this country, Dr. Akroyd, that there is at all times serious under-nourishment of some third of the population. Moreover, in considering Indian conditions, it is impossible to overlook both the annual rate of increase in the population, or the enormous absolute size of the population. In the intercensal period 1931-41, the population increased by some 50,000,000 souls and there is no reason to suppose that natality has undergone any significant decline during the war years. As regards the absolute size of the population, it is sufficient to say that an increase in the daily consumption of as little as one ounce *per capita* would involve an addition of some 4,000,000 tons per annum to the available food supply. Nutritional conditions in India cannot, therefore, be compared with those prevailing even in abnormal times in the United Kingdom, still less with those prevailing in the United States. It *is* true that there is some room for austerity in the higher ranges of consumption, but if the well-to-do sections of the population are weighed quantitatively against the great mass of the population, the difference in the available supplies to the majority would not, we are afraid, be very significant. Nevertheless, we are conscious that so far as austerity can eke out supplies, austerity should be practised. We have further observations to make on this point below (see Chapter 7, paragraph 22).

18. Secondly, to an extent which we are naturally unable to define it is proposed to convert India into a supply and operational base against Japan in what we, in common with all the peoples of the United Nations, hope will be the concluding stages of this devastating conflict. It happens that this food-crisis affects most adversely those regions of India which are geographically most likely to be affected by the operations which have been heralded by the Quebec Conference. We are aware that it may not be possible, even if imports of foodgrains on the scale proposed are feasible, to import rice. Nevertheless, it will be possible, if other foodgrains are generally, available, to arrange to a process of redistribution, within India itself, in order to secure to Bengal a larger supply of rice than could be contemplated without such imports. We do not think it possible to add to the weight of these two arguments and conclude by urging the Government to place these considerations before the leaders of the United Nations.

There is one final observation which we wish to make. Whatever arrangements, are agreed to by the United Nations, should be adhered to without qualification or abatement. Nothing has done more harm, in the context of the food situation in India, than suspicion that this or that arrangement or agreement will be nibbled into, or be changed or amended in some particular, trifling in itself it may be, but liable to be misinterpreted and exploited to the detriment of public morale. Above all, India needs at the present time, the assurance of certainty and consistency.

19. Our conclusions are :—

(i) India must cease for the duration of the War, to be a net exporter of food : no exports should be permitted unless such exports are fully compensated by imports in addition to the imports mentioned in the succeeding paragraph. No exports of rice should be permitted at all. The Food Department must be completely satisfied that such compensatory arrangements are entirely adequate. In no other way will it be possible to stop the crop of rumours which have exercised a dangerous effect on the country.

(ii) As regards, imports, the Government of India should (a) press for imports to create a Central Food Grains Reserve, which should not be less than 500,000 tons. Such a quantity is absolutely necessary to prevent a break-down of the machinery of the procurement, rationing and price policies outlined in subsequent chapters. It is not a substitute for but a complement to more vigorous administrative action in other fields, (b) press the United Nations to arrange for imports for current consumption until further notice, equal in amount per annum to the average annual net imports of the last five years or about one million tons. This request is strongly urged on two grounds :—

(i) the fact that the area most likely to be involved in military operations is also the area most hard-pressed as regards food supplies, and

(ii) that owing to the low per capita standards of consumption generally prevailing in India as a whole, the degree to which subsistent levels can be cut is considerably less than in more fortunately situated countries.

(c) investigate the impact on the food situation in India of the strategical plans now being elaborated, in so far as they concern the presence of large Overseas Forces in India.

(iii) Whatever arrangements or agreements are entered into, should be most scrupulously observed, in order to minimise the dangers of misinterpretation and rumour-mongering.

CHAPTER 5.—ARMY PURCHASES.

In discussing the question of the influence of army purchases on the total food situation in India, it is necessary to bear in mind four things. The first is that in so far as the Indian soldier is concerned, he does *not* represent a net addition to the number of consumers in India. He would eat foodgrains even if he remained in the village. At best it can be argued that his *net* consumption in the army is somewhat larger than his *net* consumption, had he remained in the village, though that probably depends on what part of the country he came from. In any case, to discuss Army requirements (apart from all consideration of the fact that military protection is a pre-requisite of any organised life in this country at present) on the assumption that if the Army did not exist, the *total* army requirements would be available for the same number of civilians as now, is clearly wrong. The Army might be discharged, but that would mean that though a certain number of tons of food would no longer be required in the Army, there would be a larger number of civilians (the ex-soldiers) who would want to eat that food.

2. The second point is that the demand for the Army is a demand primarily for wheat, and to a very much smaller extent for rice. The total Army demand is for 650,000 tons of foodgrains, of which wheat constitutes 500,000 tons and rice 150,000 tons. The procurement for the Army thus falls primarily on the surplus wheat producing provinces, and not upon the rice-producing areas, which are, of course, all of them influenced by the short-fall of last year's Bengal rice crop.

3. The third point is that the figure of 650,000 tons is a global figure including both Indian and overseas troops stationed in India. The fact that

the Army, *e.g.*, in Assam buys rice locally does not mean that that rice is additional to the sanctioned global figure of 650,000 tons, It is obvious that with means of communication strained to the utmost, if local circumstances permit of purchase of rice, it is better to save transport, which will in any case be fully utilised by something else. The global figure remains a global figure, whether bought locally under arrangements sanctioned by the Food Department, which is the Department responsible or whether bought before previous reference to the A. H. Q. or to Food Department, as may sometimes happen under emergency conditions for small quantities.

4. The fourth point is that the global figure—at present 650,000 tons of foodgrains—will increase in the future if the size of the Army increases. It is obvious that the size of the Army's purchases—given a pre-determined scale of rations—will vary directly with the size of the Army. But at the same time, there would be a diminished demand in the civilian side representing the foodgrain consumption of men transferred to Army account.

5. The global figure alluded to includes all Army exports to troops in the field Overseas. In other words, it makes no difference whether the soldier is serving in India or in foreign parts : his foodgrain requirements came out of this global figure. The only difference that is made by the soldier serving Overseas is that the gross *internal* consumption (civilian plus Army) is decreased by a similar amount, but the soldier serving Overseas does not *add* to the drain on India's foodgrain resources.

6. The price to be paid for foodgrains is determined by the Food Department, which is the procurement agency. Although not strictly within our terms of reference, the Committee inquired into the system of local purchases as regards foodstuffs *other than foodgrains, such as meat etc.* We were informed that—

> "Our system of obtaining our requirements is by local contract or local purchase. The difference is that we make a contract where the demand is going to be more or less even and continuous—more or less for a given period. A local purchase is a purchase of an amount to meet an emergency or something which happens to run short. The local contracts are made normally for one year up to three years. The reason why we make a long contract is, if you make a contract for a thing like vegetables, a man has got to prepare the land and you cannot expect him to prepare the land for getting out one or two crops out of it. At the present day it is rather becoming increasingly difficult to make a fair lon-term contract because the man cannot always say " I can sell you this at such and such a price." So, we have given sanction for short-term contracts, even doing it by an informal agreement to cover only three months if we feel that the market is going to be such as to cause heavy financial loss. When we make a contract we have our own prices for the past three years. We also ask the local civil authorities for the ruling market prices—for instance fresh vegetables. It may be the Tahsildar or whoever is the civil representative in the town. We also get information from places like the Marketing Board and the agricultural information published in the various Provincial Gazettes. The whole of the contract prices are put down in a comparative statement and compared with each other and against the data we have collected of local ruling prices, and the one whose price is most advantageous to the Government always gets the contract.....All the contracts are referred by the Officer making them to the Finance Department. The reference varies on the volume of the contract. A small local station contract goes to the C. M. A. and can be signed by the station commander. Larger contracts have to go before the District Commander who also acts as the adviser of the C. M. A. Some of the contracts of a certain value go

to the Army Commander and when we get beyond 3 lakhs, they go up to Army Headquarters and are examined by the Finance Authorities to show that there are people who are exercising sufficient check over large expenditure".

Our attention has also been drawn to the fact that, since the beginning of the Grow More Food Campaign, Armies and Commands have worked in close liaison with local Governments with a view to putting into effect vegetable production schemes best suited to local conditions.

7. We have inquired especially into the facts concerning two matters upon which many rumours have been afloat. The first of these matters concerns the size by Army reserves. The view has been advanced that the Army holds excessive reserves, amounting, so it is alleged, to six or even nine months consumption. We have inquired carefully into these complaints.

8. It is obvious that an Army must have some reserves and that the size of these reserves (*i.e.*, the number of days consumption by a given number of troops multiplied by the daily ration), must depend on the transit period from production point to the site where the stocks are held and from that point to the site where the troops are actually located. Troops are in fact located at a varying number of days distance from the production points and the points where stocks are held. These varying distances can all be reduced to a common unit, and when so reduced, the stocks can be expressed as an over-all figure of so many days supply. We are not prepared, for security reasons, to state what at the present day, the authorised reserve is, but we are satisfied of two things : (i) the authorized number of days reserve is below the figure of six months and therefore, still more below the figure of nine months which have been mooted in public discussions, and (ii) the actual reserves have for some time been below the authorized reserves. So far from it being true that the Defence Services can be called upon to surrender excess stocks, it is the case that they could be allowed to build up normal stocks more rapidly than they have actually done.

9. The second matter into which we specially inquired concerns allegations that much food is wasted through being insufficiently protected against, *e.g.*, monsoon and other climatic conditions. Asked on this point, the official witness replied that--

"The point that the member has raised is one which we also hear regularly, but no one ever gives an absolute statement of fact as to how, when and where such alleged wastage took place, and as far as we know such is not the case. We occasionally have to dispose of certain foodstuffs, especially during the monsoon period, when owing to leaking railway wagons the contents have become wet rendering their immediate consumption essential. Before foodstuffs are disposed of or condemned, all stocks damaged by rain or any other cause, are thoroughly sunned, reconditioned and analysed. The result of this analysis is the determining factor on which stocks are either retained for defence service requirements,—sold to the public for immediate consumption, provided the local health officer agrees,—issued to animals,—or are destroyed as unfit for human consumption.

It must be remembered that a commodity may be fit for immediate human consumption, but will not remain in good condition when held in stock for issue to troops, especially those in forward areas ; if the latter is attempted a complete loss both financial and of a valuable food product may result, and this is a risk that cannot be taken."

As regards keeping stocks in the open :—

"We certainly have to keep the stocks in the open in some cases, because the covered accommodation does not exist and cannot be produced

everywhere.....(but) when proper covering is not available, we are able to cover them with tarpaulins from the local material."

10. The Defence Department submits an annual statement to the Public Accounts Committee, but in order to get a perfectly complete account we asked the responsible Military Finance Official at Army Headquarters to give us figures. No information is yet available for 1942-43, but for 1941-42, the value of the total loss of all foodstuffs including foodgrains both in storage and transit *including* deterioration amounted to Rs. 80,000. This does not appear to us to be an alarming figure in relation to the totals handled, which for the year in question amounted in monetary terms to 1,593 lakhs of rupees.

11. We believe that public opinion has tended to concern itself over much with questions, such as wastage and reserve stocks, and has tended to exaggerate their quantitative significance. There is, however, another aspect of the situation to which little attention has been devoted and which is likely to be of greater importance in the future.

The Defence Services in India comprise not only Indian but also Overseas troops, and if we understand the implications of public announcements by the leaders of the Allied Nations correctly, it is proposed to intensify the attack upon Japan some time in the future. We profess to have no knowledge whatever of the strategical plans under consideration, or of the number of additional Overseas troops which are likely to be involved, or the extent to which it is proposed to use India as a supply or operational base. But, in so far as these plans and discussions do involve an increase in the number of Overseas troops, and to the extent that they do so, the food situation in India will obviously be affected. For, whilst it is true that an increase in the number of Indian troops does not involve a *net* increase in the number of consumers within the geographical limits of India (though *per capita* consumption may be greater) an increase in the number of Overseas troops obviously does. Moreover whilst Indian troops overseas are sustained out of purchases made in India overseas troops in India are not maintained out of supplies from overseas.

12. This problem cannot be dismissed simply on the ground that, *relatively to the total demand for foodgrains in India,* the *net* addition, represented by Overseas troops is negligible. This is obviously true, of the past and the present but, in the first place, at a time of foodgrains shortage, it should be the object of the Foodgrains Administration to encourage the consumption of additions to or substitutes for, the normal diet. But every increase *e.g.,* in the acreage of land devoted to growing more vegetables for the Army—admirable as the effort is in itself—does involve *either* a diversion of land which might be used for foodgrains, or, if *that* land is unsuitable for foodgrains, does involve that the process of supplementation or substitution is made more difficult. Moreover, we have had evidence to show that agricultural operations are likely to be impeded by the high and rising prices of plough-cattle now ruling in India. Though obviously other factors are also at work, an increase in the demand for animals for slaughter will affect the price of all cattle, even though it be indirectly.

13. Food policy, in the end, is one and indivisible, and land and resources which are used for one purpose, are *ipso facto* not available for another. We have no desire whatever to imply that the magnitude of the additional demand which may arise in the future is of a kind likely to prove a serious additional embarrassment. But rumour feeds, not on the known, but upon the unknown and it is most undesirable that the situation should be still further complicated.

14. We, therefore, desire to draw the attention of the Military authorities as well as the Food Department to this aspect of the situation *viz* :—the direct and indirect effect upon available supply and prices of additional demands which may be involved in the strategical discussions now proceeding.

15. Our conclusions are as follows :—

(i) The global figure for the Army's requirements of foodgrains is 650,000 tons of which 500,000 tons is wheat and wheat products and 150,000 tons is rice. Thus the pressure of Army demands falls relatively lightly on the foodgrain which is most in current deficit. In so far as the Indian Army is concerned, the demand for foodgrains is not a net addition to the total demand, except to the extent that per capita consumption in the Army exceeds that which would have taken place if the soldiers had remained civilians. Supplies of foodgrains to Overseas troops serving in India is included in this figure.

(ii) An expansion of the Indian Army would, of course, involve an expansion in the Army's demands for foodgrains, which would, however—except in so far as per capita consumption was in excess of civilian consumption of the same men—be offset by a decline in civilian consumption.

(iii) The global figure alluded to include exports to troops in the field Overseas.

(iv) The figures of authorised reserve stocks are below those currently quoted, and the actual reserves are below the authorised reserves.

(v) We are satisfied that exaggerated importance has been attached to wastage of supplies.

(vi) We desire to draw the attention of the military authorities as well as the Food Department, to the direct and indirect effect upon available food supply and upon prices of additional demands which may be involved in the strategical discussions now proceeding.

CHAPTER 6.—PROCUREMENT.

If, as we recommend strongly, rationing is to be introduced into the urban areas of India, a solution must be found of the procurement problem : that is, the authorities responsible for Food Administration must be certain that the cities will be assured of a steady, continuous stream of supplies sufficient to ensure that every holder of a ration-book can secure, week in and week out, the amounts which it is intended that he shall have. But, even if rationing is *not* resorted to, the procurement problem is of vital importance. In this more general aspect, procurement machinery should be such as to make it reasonably certain that *no* section of the population is holding grains except (a) for its own personal consumption, in reasonable quantities and for reasonable periods of time ahead, (b) for the purposes of re-sale, in the normal course, of trade, and in amounts which are fully known to the authorities. In other words, under the existing conditions in India, it should not be tolerated that foodgrains should be used for purposes of " investment ", *i.e.* as a preferable alternative to the possible other uses of liquid funds or for " speculation " *i.e.* for the purpose of exploiting a possible price situation or for " security " *i.e.* as a safeguard against the contingencies of the future. To enable amounts in sight to be as nearly as possible equivalent to amounts available, it is necessary that the Food Grains Control Order should be rigorously enforced. To this latter point we shall have occasion to revert again : it is of the utmost importance, but at this stage it is important to deal with the problem of procurement as a whole.

2 We dismiss at once, as utterly impracticable under present Indian conditions, the suggestion which has been put to us and which at times finds expression in the Legislature and elsewhere, that the food-problem could be solved by leaving the established organs of trade utterly unhampered in their operations, *i.e.*, by reverting to " Free Trade ". It appears to us to be simply fantastic to imagine that the restoration of the unlimited right to buy and sell,

from any one at any price to any one at any price, in any part of India, will, in the existing conditions of scarcity, give satisfactory results. Free trade, under conditions of scarcity, on the one hand, and fear on the other. would be an open invitation for holders to hold, and for every rich man and speculator to "invest" or "hoard" or do whatever strikes him as most likely to be in his self-interest. Even if free-trade were, in the end, to bring out supplies and thus allay panic, in the interim period it would upset conditions over large areas of India to an extent which would provoke the fiercest local resentment, and which would result in reproducing all over the country the incidents which brought the recent "Free Trade" experiment to a premature close. Procurement has become, inexorably a matter over which control must be exercised.

3. In dismissing "Free Trade" as utterly impracticable, we do not intend in any way to throw a slur upon the trading community, or to imply that they have not a useful, indeed an indispensable, function to perform. On the contrary we devote a good deal of attention, as the succeeding paragraphs will show, to a discussion of how best the trading community can be utilised. To utilise and ask for the co-operation of the trade is one thing however, to give every and any trader scope for the unlimited exercise of his normal operations, however clearly anti-social the results of his action may be, is quite another.

4. But, if control is to be exercised, it must be carefully thought-out control, and we have sympathy with the view that, in the past, conditions in certain areas, though by no means universally, have been made worse and not better, by the kind and degree of control actually exercised. For this reason, in later parts of this Chapter, we devote considerable attention to the various patterns which have actually evolved.

5. The general nature of the procurement problem has already been stated in paragraph 1 above. But it is necessary to point out explicitly that procurement is *not* simply, or even primarily a matter of obtaining supplies in a *surplus* province and moving them to a *deficit* province. Even this would be a sufficiently important task, since though a few Provinces have surpluses of all the major foodgrains, which they produce, in other cases, a Province may be surplus in one foodgrain and deficit in all others : or deficit in one foodgrain and surplus in all others. Again, though a Province may be self-sufficient on balance, some of its districts may be surplus, and others again, deficit, so that inter-district procurement may be of the utmost importance to that Province. Thus procurement is a *general* problem, not primarily an inter-Provincial one. In essence, in quantitative terms, it consists in acquiring from the cultivator, in every part of India, the maximum amount of foodgrains That raises the whole issue of requisitioning from the cultivator, and of the inducements which can be given to the cultivator to part with as much of his foodgrains as possible, a matter to which we devote a separate section of this Chapter.

6. The only completely satisfactory solution, if this matter of procurement is looked at from the standpoint of principle, would be a Central Government Foodgrains Monopoly. Under such a monopoly, the Central Government would become the *sole* owner of foodgrains (apart from the cultivator) in every part of the country : no one would be allowed to buy, sell or deal in foodgrains except as part of the Central Government's procurement agency, and the possession of, or dealing in foodgrains except with the express permission of the Central Government, would become a statutory offence. Not a wagon of foodgrains could be moved in any part of the country without the permission of an Officer of the Centre, and the allocation of all supplies, of foodgrains of every kind, in every part of the country, would be at the express order of the Central Government. Though this is *not* the actual position

in the United Kingdom, the position in the United Kingdom approximates to it. And there have not been wanting voices in this country who have demanded exactly this state of affairs to be brought about here.

7. We are not prepared to say that had the Central Government pre-planned for this contingency for a period of several years, had it secured the full consent of all the Provinces to the Plan it would have evolved, had it organised all the agencies it would have had to employ and appointed the necessary skeleton higher staff, and had it been prepared to face the consequences of accumulating upon its head the odium of any mistake committed in its name in any part of India, as well as willing to create the necessary Inspectorate to control what would have been a gigantic staff, much of it unused to the ways of Government, the experiment might not have succeeded. It would have been the greatest single experiment in the history of Government—for it would have involved a single agency becoming responsible for every detail of the feeding of some 296 million people (leaving the States out of account, if that were possible). But we have actually to deal with the present situation and it seems to us quite impossible to set up such an agency in the midst of the War. To prepare the Plan, to secure agreement upon the Plan, to recruit the staff, would all take *time* and *time* is the one thing that is not vouchsafed to us in this matter of food-supply. We have unanimously come to the conclusion—some of us, it may be, regretfully, that if the idea of Free Trade is wholly impracticable under present conditions, so would be the institution of a Central Government Food Grains Monopoly.

8. On the other hand, we wish to make absolutely clear that in our opinion the creation of a Central Foodgrains Reserve is indispensable. We have already suggested, in our chapter on Imports and Exports, that the Government of India should exhaust every effort in securing imports sufficient to constitute such a Central Reserve, which should amount to 500,000 tons. We believe that no one single factor would contribute more to the solution of the food-situation in India than the knowledge that such a Reserve existed and that it would be used ruthlessly and fearlessly as a counter-weapon in any attempt to hold the country up to ransom. It goes without saying that the disposition over this Reserve must be entirely in the hands of the Centre, and all attempts on the part of individual Provinces to weaken in their own procurement activity in the hope that the Centre will help them out of any resulting difficulties must be most sternly resisted. This Reserve should be held entirely separate from any imports which can be obtained for current consumption. It must be used for one main purpose and one main purpose only : to convince speculators and profiteers, whether in or out of the trade, that the Government of India is in a position to break any " ring " which may be formed against it. Naturally, any such Reserve will be " turned over " from time to time to prevent deterioration : its actual amount must necessarily be kept a close secret, but the fact of its existence should not be left in doubt. We have had it in evidence from every one of our trade witnesses that supplies are more easily forthcoming when prices are falling. The ability to hold off the market, especially towards the end of the " Rabi " harvest, will go far to easing the procurement situation, for the Centre and the Provinces alike. If use has to be made of the Reserve, naturally no part of it should be sold to the trade itself, if there is the slightest fear that it may be " syphoned " into a black-market or into hoards.

9. So long as the Procurement Agencies set up by the Provinces and States are functioning satisfactorily, we do not think that there is any need for a separate Procurement Agency to be set up by the Centre : indeed, since one of the essentials is to diminish competitive buying (especially for export from one province to another) as much as possible, all requirements impinging on all

areas should as far as possible be met by the purchases of a single agency and this applies also to purchases for Essential Services and Essential Industries. But this conclusion carries an important corollary with it. If procurement operations involving the Centre are to be carried out by Provincial or State Agencies, the Centre must be assured that the Agency is working satisfactorily. If the Centre on this ground, or on other grounds, has good reason to believe that the Agency is *not* working satisfactorily it must have the power to insist on changes being made at least in provincial areas. If trading agencies are employed, the Centre must have the right to insist on others being substituted if charges such as slackness, corruption, indulgence in private trading, etc., can be proved. If official agencies are employed, the Centre must be in a position to enforce a minimum standard of performance. We refer to these matters at greater length in our chapter on the Food Department, when we suggest the creation of an Enforcement Branch to deal specifically with these and other matters. (Vide Chapter 10, para. 14).

10. Before we enter into any detail concerning Provincial (or State) procurement agencies, there are two matters which we desire to make clear. Firstly, those who speak of the " trading community " as if it were one homogeneous but clearly articulated whole overlook the complexity of the facts. The " traders " themselves may be likened to the Zoological world in as much as they include units which in size vary almost as greatly as the mouse and the elephant. They may range, in other words, from the village bania or the Kachcha Arhyatyas of some minor trading centre to the great firms, of inter-provincial or inter-national standing, handling a great variety of products as well as foodgrains. The distribution of firms of various sizes varies with different products and with different provinces. In some cases foodgrains which hardly moved into inter-provincial trade before have now assumed considerable importance. In some provinces, so our trade witnesses informed us, the rise of prices has impaired the financial standing of the small trader or made him unwilling to run the risks involved. It should be obvious that the extent to which different Provinces (or States) *can* make use of the trader must, to some degree, vary with the local circumstances.

11. There are some very obvious advantages and disadvantages attaching to the use of trade agencies. If he is an established trader, a trader will have connexions and contacts which have to be built up in the case of an official agency · he will be thoroughly familiar with the " tricks of the trade ", the practices and malpractices, the local customs and peculiarities—things which are not to be learned in a day. On the other hand, there is the danger—which of course varies with the standing and reputation of the firm, of dishonesty in dealing with Government—among which dangers we rank high (a) sales as agent to Government of foodgrains originally acquired by the firm as principals, and now resold under cover of some fictitious name, (b) repudiation of contracts if more tempting opportunities occur elsewhere. We lay it down as an absolute principle that where traders are acting as buyers on behalf of Government they should be required to eschew private trade altogether and that their remuneration should be determined—preferably on a maundage basis—in such a way as not to render it to their positive advantage to see prices actually rise, as is the case if commission is paid on a value basis.

12. It is, of course, true that there are disadvantages attaching to officials as procurement officers. In the case of senior officials, there is the disadvantage of unfamiliarity with trade practices and routine and among minor officials there is the added danger of bribery and corruption. Against these possible disadvantages must be set a much greater familiarity with the routine of Government : if not greater public spirit, at any rate a smaller tendency to identify the making of profit with the public interest : and a tradition of discipline and

co-operation which is not present so frequently in those bred in the individualistic and competitive atmosphere of business.

It is clear that these issues cannot be settled purely on *a priori* lines : experience has revealed that various and very varying types of procurement agency are capable of working with success.

13. The second point which we desire to make very clear is the general objective of any procurement organisation. This must be the elimination to the greatest possible extent of competitive buying. This follows from what we have already said. If the ideal situation is that of the single monopolistic buyer, procurement agencies approach to or recede from, the ideal situation in so far as they permit of a greater or smaller degree of competition. It must be recognised that, so long as part of the demand of the public is allowed to be satisfied by normal commercial agencies, there will be a considerable element of competition in any case. But, as we have already pointed out, and as we shall have occasion again to emphasize when we come to deal with rationing in the next chapter, the future points to a greater participation of the Provincial and State procurement agency (whether that is organised on purely commercial, purely official or " mixed " lines does not matter in this connexion) in the total procurement process. Under these circumstances, the question of eliminating as far as possible competitive elements within the procurement agency itself assumes great importance. Where the procurement agency is *purely* official, the problem does not really arise : where there is an admixture of official and commercial agencies the degree of competition can be reduced by (a) syndicate arrangements covering an entire province, (b) appointing a single buyer for the entire province, i.e. a single firm, (c) appointing a single buyer in each separate area in which buying operations are to take place. In a " mixed " system, this reduction of competition can take place by confining the official buyer (in the technical sense) to some areas and the commercial procurement buyer or buyers to other areas. Arrangements of this kind will in fact be found in Sind, Assam, the Central Provinces and Orissa.

14. In considering, the whole question of the elimination of unnecessary competition in connexion with procurement, there is one feature the importance of which has been generally over-looked. We have been much impressed by the experience of Assam in utilising control over transport as part of the machinery of " orderly marketing " and procurement. In Assam for a period of about a month before the imposition of Free Trade, the Government of Assam " froze " rail transport for rice and paddy by arranging with the Railway that all wagons available for the carriage of rice|paddy between the surplus and deficit areas and also for export should be allotted to the Government Agents, who were at liberty to re-allot some of these wagons to *bona fide* traders after priority demands had been met. This order had a steadying effect on prices, brought increased supplies on to the market and was welcomed by genuine traders who were no longer dependent on the rapacity and venality of railway station staffs. This freezing order has been reimposed and has become an integral part of the Assam machinery. Government Agents in Assam are also given priority for steamer freights.

In view of the critical situation in Bengal, the Committee would draw the attention of the Bengal Government to the experiences of Assam. In any scheme for procurement of the forthcoming " *Aus* " crop, the hands of Government Agents should be strengthened by an early announcement that grains bought in competition with Government Agents will be denied transport from the surplus areas to the consuming areas.

With the advent of urban rationing and the necessity of safeguarding supplies for the rationing authorities, control of transport as an element in procurement machinery will be of increasing importance. This is an aspect of

the matter which is, of course, entirely different from the technical aspects of the physical movements of foodgrains from one part of India to another.

15. In an appendix to this Chapter, we present a technical analysis of the various procurement schemes now in force. We do not think it necessary to go over the ground again here, but one inference suggests itself, at once, viz :—tnat success in procuring supplies cannot be uniquely attributed to any one agency. Sind has been conspicuously successful in operating a syndicate organisation : Assam has been successful with a single commercial buyer and Madras has succeeded with a scheme which is practically a monopolistic official buying organisation.

16. The broad conclusions regarding procurement which emerge from the technical survey to which we allude may be stated as follows :—

(i) Monopoly control of transport is the nearest approach to monopoly buying. If the latter cannot for any reason be enforced the former is essential. Some Provinces have passed from the one to the other. A Province like Madras virtually combines the two.

(ii) (a) Where the grain trade is not highly organised, and the Revenue staff *is* highly organised and where the instruments of control in the hands of Government are effectively utilised, an official purchasing agency can work satisfactorily.

(b) To the extent that requisitioning may be necessary, it can be worked most easily with an official purchasing agency.

(c) With an official purchasing agency, backed up by authority to requisition, it is easier to enforce ceiling prices.

(ii.) (a) Where the trade is highly organised and where the revenue system is not highly organised, it may be preferable to retain a business purchasing agency, either a syndicate or a number of separate agents.

(b) With a business purchasing agency it is not easy to maintain a ceiling price.

(iv) (a) With an official purchasing agency and proper controls on movement it appears, to judge from the experience of Madras, to be possible to spread purchases month by month over the whole year. This is more convenient from the point of view of mills when the grain involved is rice. It is possible that spreading purchases is more suitable for deficit or just self-sufficient provinces and that it might not be desirable in surplus provinces which have to buy much for export.

(b) If maximum supplies have to be secured by a business purchasing agency within, say, three months after a harvest, it will be necessary to mobilise the whole trade to secure maximum procurement.

(v) Whatever the agency there should, in any particular area, be only one purchasing agent purchasing for export, whether out of the Province, or to deficit areas within the Province, for Defence Services, for Essential Services and for Essential Industries, otherwise there will be unhealthy competition forcing up prices. It is particularly necessary to emphasize that industrial supplies should come under the ban on competition.

17. The fact that it is probably not desirable to create completely uniform procurement machinery in every part of India should not deter the Food Department from carefully studying the whole problem, Province by Province, in order to determine which on balance is the most suitable machinery for recommendation in a particular region. In this way there would develop a regional pattern, different in different parts of India, but most suitable to the regional circumstances. It must be made clear that we are at this stage considering only *procurement, machinery*, not Food Administration as a whole.

On that subject we will have recommendations to make in a later chapter. Summing the whole matter up finally, we would say that three elements must ultimately dominate the choice of pattern : (i) the degree to which it is desired to enforce price-control, (ii) the degree to which rationing will require a larger proportion of the total supply to be in public hands, (iii) the extent to which the general development of the economic situation will make it desirable to eliminate trading on private account altogether. Although it would be premature to recommend the general creation of Provincial or State monopolies, we feel strongly that this is a matter which cannot be burked altogether. On the contrary, considering the very great technical and administrative issues which are involved, we feel that it should be the subject of study by the Food Department and that any plans which it may evolve should, at a later stage, be discussed with the Provinces and States.

18. Closely connected with the subject of procurement is the extent to which, and the conditions under which, resort should be had to requisitioning. It is necessary to draw a distinction between an occasional act of requisition, and requisitioning conceived as part of a policy for acquiring the maximum amount of foodgrains directly from the cultivator as a regular feature of a procurement plan. This second form of requisitioning involves very different issues and must be dealt with separately. We premise, however, that requisitioning, whether resorted to occasionally or regularly, *must* be performed by an official agency, whether by the procurement section of the Food Administration, or by some other duly authorised officer of Government. To entrust such powers to an unofficial agency would obviously open the door to such abuses that resort to such a measure is not to be thought of.

19. *Occasional* requisitioning can be resorted to in connexion with the following cases :—

(i) As a counter-measure in a campaign against " black-marketeers " and " investors ". From this point of view the device is really a price-control device. If there is no breach of price-control, no one is worse off : if prices higher than the controlled prices have been paid, then the black-marketeer or the investor pays a summary penalty by the loss of the difference between the controlled price and the price paid by him. This technique is now well-known and effective.

(ii) As a device in connexion with procurement either to meet a temporary shortage and as a preliminary to the introduction of rationing.

(a) It is quite clear that, if stocks are known to be in merchants' or traders' hands at a time of acute shortage, these being held in anticipation of still higher prices, requisitioning should be resorted to.

(b) Similarly, if preparations are being made for the introduction of rationing, and individuals accumulate stocks because they wish to escape the consequences of rationing, it is clear, that such stocks should be requisitioned in all cases where it is not *absolutely* clear that effective steps can be taken under the rationing plan itself to see that the holders of such stocks are deprived of all opportunity of obtaining foodgrains outside of the stocks they hold.

(c) The crucial question is whether requisitioning should ever be resorted to from the cultivator in connexion with these contingencies. We are thinking primarily of the ryot with relatively small margins of disposable supply, over and above his own needs for consumption or seed—the large landowner is in a different position. We think that extreme caution is necessary : occasional requisitioning should never be resorted to except with extreme caution and not until late in the crop year, at least not until the sowings of the next crop of that grain are completed, for it would be jeopardising the success of the Grow More Food Campaign to risk taking away from the cultivator what he might need

for sowing the maximum area of foodgrains. It is to be remembered that the extent of sowings in India is always dependent on the vagaries of river and monsoon, and it is not always possible to say in advance how much seed any individual will require. It goes without saying that the price paid to the cultivator must be as close to the control price or the open-market price as possible. We have received evidence that in one Province at least requisitioning has taken place at one price from the merchants and at a much lower price from the cultivator. This seems to us to be not only inequitable, but most inexpedient.

Regular requisitioning from the cultivator as part of a procurement plan.—The fundamental difference between regular requisitioning and a procurement scheme which involves direct purchase from the cultivator is that it is the latter who fixes the quantity and price (unless there is price-control) in the second case, and the procurement agency which fixes it in the first case. It by no means follows that the terms of the bargain must be more disadvantageous to the cultivator in the first case than in the second : indeed, the introduction of the compulsory element makes it most desirable that the price offered should be reasonable in itself, and appear reasonable also to the cultivator. This is a matter which we refer to again in our chapter on Prices.

20. The only Provinces or States which to our knowledge have adopted a thorough-going system of requisitioning to-date are the States of Travancore and Cochin, although during the course of our discussions cases were mentioned of Indian States procuring foodgrains directly from the cultivator at harvest time for building up State Reserves. As was explained to us by their representative :—

" The crux of the whole matter is that the entire produce of the State is purchased solely by Government. Except what was required for the barest minimum needs of the cultivator and his family and labour and the quantity required for seed, the rest of the crop was ordered by Government under the defence rules to be surrendered to Government.... In order to facilitate this purchase Government appointed a full-time Grain Purchase Officer with all the powers of a District Magistrate and to assist him three Assistant Peshkars were appointed and also a large number of small village officers to go round and collect information. The land record system in the two States is perfect and every bit of land is brought into the register and noted down..... And in order to facilitate purchase Government passed orders prohibiting movement of the grain. A notification was issued to the effect that no export was allowable except under permits and permits were issued only when absolutely necessary. The District Magistrate saw to it that no grain produced in the District got out of the District. And all these officers went and procured the stuff. Prior to the actual procurement a tabulated statement had been issued to all the cultivators in which they were asked to state exactly the area of the land, what exactly these lands were expected to produce, what their needs were with regard to seed and domestic consumption, and what quantity was available for sale to Government. In all these purchases the most important factor was that non-official co-operation was enlisted to a large extent."

21. It appears to us that these operations owe their success in part to the sense on everyone's part of the absolute urgency of the situation and of the existence of administrative facilities which are not everywhere present to the same extent in British India, particularly in those parts of the country in which the permanent Settlement obtains. It will also be clear that the system demands the most rigid control over transport both inter-district and with the areas outside the Province and State concerned, as well as sufficient go-down accommodation under Government control to take care of the accruing supplies.

22. As we have already pointed out in paragraph 13, we do not think the moment for a complete monopolisation of the trade in food-grains in all parts of India has arrived. Though such a monopoly does not, logically, involve resort to universal requisitioning, yet in practice it would probably be found that the one is impossible without the other, *i.e.*, no complete monopoly without requisitioning, the more so, as a grains monopoly would be accompanied by extremely stringent conditions everywhere. The psychological consequences of universal requisitioning might be adverse, unless the ground had been very carefully prepared beforehand ; the most careful administrative arrangements would be necessary and prices in all cases would have to be inherently reasonable.

But though we do not recommend a universalisation of this practice before the experiment of increasing the inducements to the cultivator (with which we deal below) has been fully tried out, we believe that in seriously deficit areas an approximation to this practice may prove necessary. If the exigencies of the situation demand it, or appear likely to demand it in the near future, it is far better that the situation should be fully faced, the necessary administrative arrangements made and the necessary propaganda undertaken than that " emergency " measures should have to be embarked upon with no adequate preparation, either administratively or psychologically.

23. In connexion with the subject of increasing food-production we have already advocated a series of measures, which, if taken seriously in hand, would enable the cultivator to obtain the tools and part at least, of the fertilizers which he needs. In what follows we propose to deal with consumption, rather than with production, goods. We have received a considerable volume of evidence to show that the shortage of consumption goods has had a deterrent effect, if not upon production, at any rate upon the cultivators willingness to sell. The subject, therefore, is obviously one of considerable importance. In this connexion we have received some evidence that in certain parts of the country the cultivator's price varies according as to whether he is paid in small change, quaternary rupees or paper money. Suggestions have been made to us that Government should increase the supply of the two former species of circulating media : alternatively, that it should engage in " barter " transactions : foodgrains being exchanged directly against bar-silver or cloth. Before dealing with consumption goods in general, we wish to deal with these various suggestions.

(a) So far as the supply of small change coins is concerned, the amount now being turned out by the Mints is enormous, and far in excess of the country's normal requirements, and likely indeed to cause embarrassment when the hoarding tendency, which manifested itself in past months, has spent its force. The more rigorous anti-hoarding drive, which recent changes in the Regulations have made possible, should go an appreciable way to checking this anti-social practice, which has to some extent nullified the very considerable efforts of Government. We are satisfied that no charge of negligence—as far as supply is concerned—can be laid against Government.

So far as the supply of silver coin is concerned, an increase in the supply is in part dependent upon factors which are not within the control of the Government of India. We are aware that this is a matter which is engaging the attention of the Central Government, but beyond expressing the earnest hope that the difficulties connected with the matter can be overcome, we have no observations to offer.

(b) The supply of bar silver is obviously also in part a matter of supply, but we would at once say that we are emphatically opposed to any suggestion that it, or standard cloth, or any other commodity, should be provided by Government as a basis for " barter " operations. It would, in our opinion,

be tantamount to a repudiation by Government of its own currency : would immediately be followed by similar demands from other groups of interests and might strike a fatal blow at the extension of the " money economy " in India, an extension which has only slowly been built up and which it is obviously in the long-term interests of India's entire economy should be strengthened.

24. At the same time, we entirely share the anxieties of those who desire to see an increase in the volume of consumers' goods at the disposal of the cultivator. We have received evidence from Mr. M. S. A. Hydari, Secretary of the Industries and Civil Supplies Department of the Government of India. As is by now generally known, his Department, with the willing co-operation of the textile industry, is in process of completing a thorough-going " rationalisation " of production, so that, in addition to " standard " cloth so called, the remaining output of the industry (apart from requirements of the Defence Services) will also be under control. Sixty per cent. of the capacity of the industry has been earmarked for the production of standard cloth and Defence Services requirements and forty per cent. is available for rationalisation, this latter percentage representing an amount of between 1,800 and 2,000 million yards. We are satisfied that the position in the textile industry represents an immense improvement over the preceding state of affairs, and can only express the hope, in so far as the cultivator is concerned, that the authorities responsible for distribution, *i.e.*, Provinces and States, will make satisfactory distributing arrangements, in so far as the normal channels of trade do not function adequately. It should be added that not only the quantities supplied, but the prices charged, are of concern to the Industries Department : the general principle of allocation being on that of local population.

25. As regards other products and the control of distribution we were informed that—

" The question of making consumers' goods available in considerable quantities and through equitable distribution is a problem which has only been faced in quite recent months, so that not very much work has been done so far in either of these two respects. I can only explain what we propose to do in regard to one or other of these two objectives. We realise that it is desirable to have consumers' goods in as great a variety and quantity as possible, and it is highly desirable that whatever we do get is equitably distributed. Therefore as cloth was the most important consumers' goods, we tackled that question first and I hope we are attaining a fair measure of success which will increase as time goes on. In regard to other consumers' goods, I think probably the next most important goods are medical drugs. So far as the increase in production is concerned, the Supply Department, have, under a reorganisation which they carried out, that question in hand, but there is a big question of the equitable distribution and the maintenance of proper price levels both of the imported varieties and those which are indigenously manufactured. Just now my Department is preparing a scheme for the establishment of control, if possible with the co-operation of the industry. I hope that this scheme may be put into effect by the end of August."

" I am talking more of equitable distribution and anti-hoarding. It is true that in most of the consumers' goods there is scarcity, but it is also true that a good deal of this scarcity is artificially manufactured, and that is where your hoarder and profiteer come in. Therefore, side by side with this control of drugs we propose to have an anti-hoarding and profiteering order which would comprise all commodities except food, because food is not in our charter, and it will not remain, merely an order. It will be worked with the Co-operation of Provincial Governments, which we are sure, we will obtain, and by Indian States. This will be administered by a small staff whose duty

will be not to catch hold of the little man here and there in the bazar but to go for the really big fellow, however high his social position or his income. Now I feel that if we can in the different provinces with the help of the Provincial Government and this agency, which we shall have, really get hold of a couple of cases in each provinces and punish them properly and confiscate their hoards, I think that would be of a very considerable psychological value, much more so than of having a whole army of little inspectors. The third object is actually to see whether the production of certain consumers' goods can be increased even at the expense, though it would have to be with the concurrence of the War Department, of reducing our contribution of military supplies. We have to go rather carefully in this, because we should really get the combined wisdom of the Provinces to help us in defining say a dozen or 1-1|2 dozen consumers' goods which, if manufactured in sufficiently large quantities, would be acceptable. About a month ago, I addressed a letter to Provincial Governments and we are getting their replies. The whole object of the letter was to ask them what in their view would be the sort of goods which they require or would be attractive to their population."

26. While we welcome such steps as have already been taken, we are of opinion that a great deal more requires to be done in the direction of increasing the supply of consumers' goods. We are aware that there are urgent military requirements which must receive priority, but once these urgent requirements are satisfied, the needs of the cultivator must come first. This should indeed be obvious, when the close connexion between the nation's food supply and its ability to carry on the war effort with vigour and determination is borne in mind. For reasons which we have already set out at length, we regard compulsory requisitioning as an expedient not to be resorted to without the most careful consideration and preparation, and it is in every respect preferable that the Grow More Food Campaign should be buttressed by an increase in the supply of consumers' goods than that it should have its effect blunted by a resort to the forcible acquisition—even though at reasonable prices—of what is being produced.

We should like to make it clear also that the supply of consumers' goods should not be confined to textiles or medicines. There is a very wide range of commodities which are necessary to the cultivator, whether as consumer or as producer—apart from textiles or medicines, we refer to iron and steel, timber, building materials, agricultural implements, etc. The control of some of these commodities is in the hands of Departments other than the newly created Department of Industries and Civil Supplies : in particular, the Supply Department comes into prominence in this connexion. We regard an immediate review of the position by that Department as imperative, in the light of the food shortage and the impending hostilities on the Eastern Frontier, issues which cannot be divorced from one another at the present time.

Though it is preferable from the economic point of view that the cultivator should have made available to him in increasing quantities the goods he needs to improve the standard of living and his efficiency as a producer, yet we are satisfied that if this is not possible to the necessary extent, the Government of India should make every effort to secure supplies both of gold and silver for sale to the cultivator, in order to maximise the quantity of grain which can be obtained from him.

27. Our conclusions are as follows :—

(i) Under existing conditions of scarcity (and in certain areas of semi-panic) the procurement problem cannot be solved by a resort to "Free Trade". The restoration of the unlimited right to buy and sell, by any one at any price to any one at any price, in any part of India would not produce satisfactory results.

(ii) The procurement problem is not primarily an issue of moving supplies from surplus Provinces to deficit Provinces but of acquiring from the cultivator the maximum amount to be obtained from every part of India.

(iii) From the standpoint of principle the only completely satisfactory solution would be a Central Government Foodgrains Monopoly. But the problems of staffing, organisation and administration involved are so great, and the needs of the situation so pressing, that the necessary time is lacking.

(iv) On the other hand, the institution of a Central Foodgrains Reserve appears to us indispensable. It should not be less than 500,000 tons. This reserve should, in the first instance, be built up by imports and the Government of India should exhaust every effort to secure the quantity of imports mentioned above. This Reserve should be held entirely separate from the imports which we have recommended should be obtained for current consumption and should be devoted exclusively to the purpose for which it was intended.

(v) In order to avoid unnecessary competition, the Centre should entrust its physical procurement operations to the agencies set up by the Provinces and States (including acquirements for Essential Services and Essential Industries), subject to the right of the Centre, if the procurement agency proves unsatisfactory, to insist upon remedial measures being introduced. On this and other grounds, we recommend the establishment, within the Food Department, of an Enforcement Branch.

(vi) The organisation and efficiency of the grains trade varies in different parts of the country and the extent to which different Provinces and States can make use of trading agencies must therefore vary with the local circumstances.

(vii) The general objective of all procurement machinery must be to eliminate competitive buying to the greatest practicable extent. This can most easily be achieved by either confirming particular buyer to a particular area, or, if the unit of purchase is to be the entire Province or State, using a single buying firm or a syndicate of firms, or a single official buyer.

(viii) In considering the elimination of competitive buying, the possibility of using transport facilities to ensure priority for official procurement as against buyers on their own account, and as a means of controlling competition, has not received the general attention which it deserves. With the advent of urban rationing, control of transport as an element in procurement machinery will be of increasing importance.

(ix) It is not possible to have a perfectly uniform pattern of procurement machinery in every part of India. The Food Department should study the whole position in order to determine which, on balance, is the most suitable machinery for recommendation in a particular region. Although the general creation of Provincial or State monopolies would be premature, it should be the subject of study by the Food Department.

(x) Occasional requisitioning from the trade in connexion with price control or anti-hoarding drives is legitimate, but in so far as requisitioning involves taking over cultivator's stocks, occasional requisitioning should only be resorted to with extreme caution and not until late in the crop year, at least not until the sowings of the next crop of that grain are completed.

(xi) Regular requisitioning as part of a general policy of official procurement should not at present be resorted to generally, for the ground requires careful preparation, but we believe that in seriously deficit areas, an approximation to this practice may prove necessary. If it does, it is better to face the situation than embark on hasty experiments without adequate preparation.

(xii) In considering the problem of increasing supplies of consumers' goods to the cultivator, we reject, as not in the interest of the Indian economy as a whole, any schemes for the direct barter of foodgrains against civil supplies though we see no objection to the organisation of co-operative societies prepared to buy grains from the cultivator and at the same time making consumers' goods available to him. We desire to emphasize the absolute necessity of making available to the grower as great a volume of consumers' goods as possible after taking cognizance of urgent military requirements. Besides piecegoods, we refer to iron and steel, timber, building materials, cement, medicines, agricultural implements, leather goods, metal utensils, &c. Side by side with all possible efforts to make those available to the grower, if a demand for the precious metals continues to manifest itself, we are satisfied that it would be advisable for the Government of India to secure silver and gold for sale to the cultivator in order to procure the maximum quantity of grain from him.

In view of the impending military operations on the Eastern frontier of India, it would appear to be in the best interests of the United Nations to ensure the maximum supply of foodgrains in this country. We cannot overstress the desirability of avoiding resort to compulsory acquisition under existing circumstances by maximising the inducements which can be held out to the cultivator.

APPENDIX TO CHAPTER 6.

Provincial Procurement Arrangements.

In this note we deal with some of the main features of the various systems, giving some indication of their relative advantages and disadvantages as they appear to us. In the nature of the case, there has been some repetition in view of the overlapping of the headings. The treatment adopted has the effect of robbing the various schemes of some of their background and atmosphere but this is unavoidable when an analysis is being made and also if material is to be presented in such a form as to give Provinces or States any guidance for a possible change of method.

2. *Nature and constitution of procurement agencies, Madras.*—Madras was the first Province to set up a definitely official purchasing agency. The system was forced on Madras as the only means of controlling purchasing agents from other States and Governments ; and has been in operation since 1st September 1942 ; and is worked by Grain Purchase Officers, who are picked Deputy Collectors, belonging to the Provincial Service. They are stationed in and their operations are confined to the well-defined surplus rice areas in the northern and southern deltas. Their numbers have increased from 2 to 5 and they have the necessary office and accounting staff and have also the help of a Marketing Assistant and of a Recorder lent by the Agricultural Department to assist them in checking the sort and standard of rice samples tendered and compliance of supplies with samples. Steps are being taken to appoint inspecting staff with a view to reduce the possibility of disputes about quantity and quality delivered to the purchaser's representatives at the railway stations. The Grain Purchase Officers have purchased both for export from the Province and to supply the deficit districts of the Province, Defence Services, Industries etc., and their operations are confined to these purposes and designed to reduce competition for the purchase of rice and paddy to the minimum. They do not purchase for supplying any part of the surplus districts.

Travancore and Cochin.—The State of Travancore and Cochin at first tried a dual method of purchase of available local stocks partly by Government and partly by merchants, but found that trade agencies were delaying

purchase and delivery and playing for a rise in prices. Later in 1942 they cut trade agencies out altogether and took steps to purchase all available local excess stocks from all land-holders through a full time Grain Purchase Officer invested with all the powers of a District Magistrate. Private sales of such stocks were prohibited and the official purchasing scheme in these States went deeper than the Madras scheme and is designed to eliminate competition altogether.

Hyderabad.—Early in 1943, i.e., soon after the Second Food Conference the Government of Hyderabad set up a Government purchasing agency—the Hyderabad Commercial Corporation Ltd.—as a purely commercial concern financed by the Hyderabad Government with powers to borrow when necessary on Government's security. The management of this Corporation is entrusted to a Board of Directors consisting of some of the Members of the Executive Council of the Hyderabad Government, prominent businessmen and a few officials and non-officials. Purchases are made through normal trade channels. Reliable traders, commercial firms and in a few places Co-operative Sale Societies are employed as sub-agents. As far as possible only one buyer is employed in each area in which buying operations are to take place. The Corporation is not intended to make any profits in its dealings. The sub-agents are paid commissions which vary from grain to grain and from area to area, but in no case exceed 1 per cent. Apart from this, the Corporation charges a nominal sum to cover overheads. No cess or surcharge is levied. Ceiling prices are fixed by the Corporation for each market and the sub-agent is authorised to make purchases within the limits indicated. The Corporation has *the monopoly of all export trade in the seven controlled foodgrains, viz.,* rice, wheat, juari, bajri, gram, barley and maize. Purchases are made both for export under the Central Food Procurement Scheme as well as for meeting the requirements of the deficit areas within the Dominions. In internal movement the Nizam's State Railway gives priority of transport to the grain purchased by the Corporation. To a certain extent there is competitive buying as Government is not the sole purchaser in all the markets, but the fact that the Corporation has the monopoly of all export trade in the controlled foodgrains and is also given priority over private traders has made competition very much limited.

Bihar.—Bihar made their first preparations for procurement in December 1942. The Provincial Government were of the opinion that in the state of the markets of Eastern India at that time it would be a mistake for Government to make direct purchases either through official or trade agencies. The entry of Government into the market at a time when the Bengal markets were experiencing an unprecedented speculative boom which spread to Bihar was bound to cause further inflation and create a psychology among producers and traders which would defeat the objects of the procurement plan. Accordingly, they decided that the only practicable way of securing physical possession of their food-grains resources was to control the movements of all foodgrains from one district to another at prices not exceeding the maximum prices fixed by the Controller under the Defence of India Rules. This regulation of inter-district trade was achieved by the following measures :—

(1) No foodgrains were allowed to move from one district to another except under a permit granted by the Bihar Government : Such permits were granted only to a small number (not exceeding 10 per Division) of traders who were selected by the Controlling Magistrates as the official importers and exporters of foodgrains for that particular area : In this way the entire trade was canalised in known and specific channels both at the point of despatch and at the point of destination and distribution.

(2) The Rice Control Order issued in Notification No. 2418 P.C., dated 6th March 1943 under which no rice mill could dispose of any of its stock without a permit from the Bihar Controller, and the Bihar Controller had powers to issue an order on the mill to despatch supplies to a particular destination.

Subsequently, this control over movements was strengthened by a Flour Mills Control Order (similar to the Rice Control Order) and the Country-boat Traffic Order ; and in April 1943 an attempt was made to form syndicates of rice mills and flour mills in order to buy paddy and wheat in specified zones. but owing to the introduction of free trade these syndicates were unable to work according to plan. The main objects of this regulation of inter-district trade was to prevent speculative competition by a large number of traders in the surplus areas and the consequent price raising and to immobilise the available stocks in places where Government could secure control of them and move them according to a rational plan of distribution. Government in this way could secure physical possession of the available supplies and distribute them according to plan without incurring any financial obligations.

With these controls the Bihar Controller was able to plan the distribution of provincial resources and to link each deficit area with a particular surplus area moving supplies by monthly quotas through the official exporters and importers of each area according to a definite programme of requirements. A great advantage of this regulation of trade was that all the supplies moved in this way came immediately under the control of the magistrate at the point of destination. They were distributed under his supervision. Copies of all permits issued were sent to the Magistrate at the point of despatch and to the Magistrate at the point of destination.

This regulation of inter-district trade was particularly successful in securing adequate supplies for the Bihar coalfields and mica mining areas.

This scheme was explained to the Government of India at the All-India Food Conference held in February 1943. The Central Government at that time were not satisfied with control of movements alone as a means of procurement and emphasized that the only way in which the Provincial Government could obtain satisfactory control over their foodgrain resources was by making the foodgrains the direct property of Government after purchase. It was a result of this pressure that the Provincial Government reluctantly decided to set up a commercial buying agency. A Trade Adviser was appointed and he started making purchases on the 16th March 1943. He also advised Government on the selection of suitable trade agencies in various parts of the Province. The Trade Adviser and his agents were unable in the time at their disposal to cover the whole field, and accordingly in April and early May 1943 District Officers were provided with funds to make purchases on behalf of Government, more particularly, from zamindars and large cultivators.

United Provinces.—The U.P. Government's procurement agency consists of five Regional Food Controllers, with Deputy Controllers, Transport Officers, and a large marketing staff ; who conduct purchases in their regions through the agency of Purchasing Agents. Purchasing Agents have been appointed in the main assembling markets. each of whom operates in one or more markets and under the direct supervision of Regional Food Controllers and their marketing staff. The U. P. Government's procurement machinery is now making purchases both for the Defence Services, for export under the Basic Plan, and for internal requirements. Large competitive buyers such as Railways and Industrial concerns have largely been eliminated as Government have undertaken to provide them with their requirements from its own purchases. By imposing strict control over movement, which has been banned

from one Food Region to another without the orders of the Food Controller concerned, and to and from the principal cities, competition by merchants from large consuming centres has been further limited. Purchases are financed by the purchasing agents, who receive payment, together with their commission, after the grain is actually stocked in the godowns.

The U. P. system is not designed to prevent competition between competing buyers except to a limited extent.

Central Provinces.—Procurement methods in the Central Provinces have evolved from movement control which started in the spring of 1942 with the prohibition of export by rail of rice, except under permit, from the Province and the regulation of movement of grains by rail from one district to another. In August 1942, exports from the Province by road were also controlled. In January 1943, the necessity for making large despatches of rice to Bombay and later to Cochin and Travancore led to machinery being improvised. The Commissioner of the Division which produces 90 per cent. of the rice was appointed as Government's chief buying agent. This officer appointed in each of the principal markets the biggest trader as his sub-agent who was to purchase all the rice which came to the market. The Central Provinces organization made all the purchases for export and the Defence Services and later for the deficit areas within the Province. The machinery which has been considerably strengthened by the appointment of revenue officers in each of the districts of the Division to assist the Commissioner, has maintained the original methods of purchasing within price ceiling fixed by Government. Recently the official agency has been successful in making purchases direct from cultivators.

Sind.—For wheat a syndicate was formed of the four Karachi flour mills which had an existing purchase organisation. This is a compact organisation and scarcely differs from a private firm in its operation. It employs about 25 main brokers and under them about 150 sub-brokers to make direct contracts with and purchases from Zamindars and cultivators.

As regards other grains, various other methods of procurement are in force, some dating back long before the Central Purchase scheme was mooted. For the next kharif harvest a syndicate of 50 merchants similar to the wheat purchase organisation has been set up for the purchase of all other foodgrains.

The Sind system, is calculated to eliminate competition to the greatest possible extent.

Assam.—Messrs. Steel Bros. with a considerable part of their Burma staff were appointed in September 1942 as the sole agents of the Assam Government for the purchase of rice and paddy. The manager of the agency, who has his office in Shillong, controls the various branches where the actual purchasing and distribution is done. They operated at first to supply civil needs of the Province in deficit areas and Tea Estates only, as the dislocation in transport occasioned by military movement and the large influx of refugees from Burma had produced a serious maldistribution of food supplies for the civil population. Since January 1943, they are buying for the Defence Department and for labour engaged in military works and also to build up a reserve of paddy for price stabilisation. As in Madras the system is not one of monopoly buying and the trade is left free to supply the surplus areas, while there is the maximum prevention of competition for supplies moving outside the surplus areas.

Punjab.—Six firms chosen from the grain trade in the Province were appointed as purchasing agents. One of them does all the purchasing for the Defence Department, the others do all the purchasing for civil needs of other Provinces and States on the basis of allotment of Government of India

supply orders made by the Director of Food Supplies. Ordinary trade channels operate for supplying the domestic needs of the Province and the Registrar of Co-operative Societies purchases for the Provincial reserve through Commission agents in the main producing markets. All these agencies operate throughout the Province and there is therefore maximum competition. The Director can maintain a salutory check on the operations of the Agents by comparing their purchases with those made by the Government Agency working direct under the Registrar of Co-operative Societies and secondly by the fact that any private person may make a direct offer of sale to the Director which the latter may accept and pass to any of the Agents for execution.

Bengal.—The procurement operations in the Eastern Zone are being carried on by a purchasing agent, selected from the trade, who is operating solely on behalf of the Government of Bengal, and acting under the general control of the Director of Civil Supplies, Bengal, as to the quantities to be purchased and payment thereof. The Agent is allowed full discretion regarding price, as long as the purchases are economical. He also advices the Bengal Government, in matters of purchase and sale of Government stocks and Government's trade policy. Purchases by the District officers in Bengal are made, as far as possible, at rates approved in consultation with the agent and the Foodgrain Purchasing Officer. After the re-imposition of the Provincial barriers the Bengal Government, however, propose to confine the activities of the agent to the province of Bengal only.

Orissa.—Has a purchasing agent for each district, with two purchasing agents in one district in which a suitable single agent could not be found. In two districts, owing to trade combinations by free trade merchants against district officers, purchases have been made directly by revenue officials. Under free trade conditions Orissa has been purchasing merely for its domestic consumption but considers that the system can easily be extended for procurement of foodgrains for deficit provinces as well.

North-West Frontier Province.—In the North-West Frontier Province, the Provincial Government have appointed Messrs. Owen Roberts & Co., Ltd., for the purchase of their surpluses of barley and maize, on the same terms as in Punjab.

Bombay Province.—The practice varies as between the surplus districts of Thana and Kolaba and other districts. In the first named district, originally the Country Merchants Rice Association was employed in making purchases, but owing to the disappointing volume of purchases, it was decided to supplement the Association in one district and replace it in the Kolaba district by the appointment of a single firm. The operation of two purchasing agents in the Thana district led to a good deal of friction, and, ultimately, to a decline in the figure of imports.

In the other districts, where the necessity for intensifying procurement operations became marked, District Magistrates were asked to consider the best agency for local procurement, *viz.*, purchase through one large local firm or a number of small grain dealers or through Co-operative Societies and Banks or by official agencies. The consensus of opinion was definitely in favour of purchase through official agency : although agency of the trade and co-operative societies was utilised to some extent. For the purpose of district procurement, District Magistrates utilised their Revenue and Price Control staff. Purchases were made through village officers whose work was supervised by Circle Inspectors and Mamlatdars, and, in the districts of the Central Division, by the Deputy Collector for Civil Supply. No additional staff was appointed.

Owing to the small purchases of rice by the Government agents, it was felt that normal trade methods had not succeeded in obtaining the quantity which was surplus to the requirements of the area. Government accordingly decided to freeze all stocks of rice and paddy with Banks in the Thana district and subsequently to requisition them. More recently, Government has started requisitioning rice in the Thana district from moneylenders, middlemen, rice producers and others in excess of their normal requirements.

II. Direction and Control.

Generally speaking all the systems work under the general control of an officer of the Government concerned either called or corresponding to a Director of Food Supplies. Where the purchasing is done by official agency as in Madras and in Travancore and Cochin or by a single agency (whether one firm or a syndicate) as in Assam and Sind, it is possible to co-ordinate purchase and allocation for various needs more intimately and also more equitably than where there are various agencies. With an official agency it is easier to insist on working to a programme, easier to enforce ceiling prices and easier to eliminate a particular purchaser who is not giving satisfaction. A degree of inspection and control can be enforced and tolerated which would not be enforceable and would not be tolerated with a business agency.

III. Regional Unit for purpose of Purchase.

In the Punjab the whole Province is the unit and the same is the case in Sind, and Assam, but whereas in the Punjab there are various agencies competing with each other in the unit, there is only one agency in Assam and Sind. In the U. P. for the Province's domestic purchases the unit is a large market area to which a number of small adjacent markets are attached and the agents operating in these do not compete with each other but the large purchasing agency (Messrs. Owen Roberts & Co., Ltd.) operates in all the markets of the Province and also operates in a dual capacity purchasing both for the Army and for exports to other Provinces. In Madras the Unit is a district or one or more districts, or parts of districts with a specified centre in the two well-defined delta areas and in each of these units only one Grain Purchase Officer is allowed to operate but the ordinary trade operates to supply the local needs of the Grain Purchase Officers' purchase areas. The amount of competition involved is not material. The Assam system with branch agencies of the single Purchasing Agency at several specified purchasing centres bears some resemblance to the Madras system. The Bihar system is a mixture : the Province is the unit for the Trade Adviser's operations and smaller district units for district officers' operations, in addition to which certain large industrial buyers such as coal fields are allowed to make purchases in particular producing areas. In Bengal the district formed the natural administrative unit of purchase. The general conclusion seems inevitable, that whatever the unit there should be only one purchasing agency operating in the unit, at least for large scale purchases for meeting export quotas, quotas for deficit districts of the Province, quotas for Defence Services and quotas for essential industrial and service needs.

IV. Purchase Arrangements for Special Needs.

(a) Export. (b) Deficit districts. (c) Defence requirements. (d) Essential Services & Industries. (e) Provincial reserves.

Methods adopted in the Provinces again show wide variations which are dictated mainly by the circumstances whether a Province is surplus or deficit. The Madras arrangements bring the first four requirements within the control of the official purchasing agency. Essential services and industries may either

take out a trader's licence and receive a quota, which counts against the district quota and is purchased for them by the Grain Purchase Officer or may have a supply ear-marked from one of the importing quota holders of the districts. The Railways get their quota direct from the Purchase Officers. So far Madras has been unable to build up any Provincial Reserve.

In the Punjab, the Defence Department has its own specially appointed Agent who buys for defence requirements whilst five other commercial agents buy for export against orders which the Food Department of the Government of India place with the Provincial Director of Food Supplies who distributes these orders amongst the Agents. The Registrar of Co-operative Societies is the authority who buys for a substantial Provincial Reserve. There are no restrictions as to the areas in which Agents can buy nor are there any restrictions on movement.

In the United Provinces, army requirements and exports were entrusted to the firm of Messrs. Owen Roberts & Co., Ltd., whilst purchases for the many towns are now made by purchasing agents each of whose operations is confined to a specified area. These agents operate under the direction of 5 Regional Food Controllers who have a subordinate staff of 63 inspectors. The agency buying for the army and export has made such poor progress that Government's own agencies have bought all the grains so far exported. There is no restriction on the movement of Foodgrains within the Province. The U. P. Government holds substantial stocks which it proposes to put on the market to steady prices.

In Assam, supplies for exports, the Army, Defence projects are supplied exclusively by the Government Agents, Messrs. Steel Bros. The Deputy Commissioners of deficit areas can also indent on Steel Bros. for supplies for Government grain shops and issues to Government servants at concession rates. Originally, the Tea Industry with a resident population of 1,200,000 persons was also supplied by Steel Bros., with the balance of its requirements after local purchases had been exhausted. Since July 1st, this industry takes 25 per cent. of the total purchases made by Steel Bros., this having been found the only way to eliminate competitive buying. The most important factor in enabling Government Agents to meet the orders placed with them is their control of rail transport as all the wagons available for the carriage of rice from the surplus areas are allotted to Government Agents who can re-allot these to private traders if Government Agents should be ahead of their programme in supplying the four main groups.

In Sind, Government acquire wheat for export from the syndicate of flour millers and the syndicate principle is being extended to other foodgrains. The perfected system of rice control in Sind has made procurement for export and defence requirements comparatively simple. Like the Punjab there is no restriction on movement inside the Province but unlike the Punjab the Sind Government considers the building of a Provincial reserve an impediment to the maximum procurement for export. No special arrangements are made in Sind either for Essential Industries and Services or for the Defence Services.

In Bombay, owing to the deficit nature of the Province, no question of making arrangements for procurement of foodgrains for export arose, nor did the defence service make any purchases, except possibly small local purchases. Owing to the insufficiency of procurement in certain districts, it became necessary for certain District Magistrates to place part of their stocks at the disposal of neighbouring District Magistrates. Except for the Railways, District Magistrates themselves allotted part of their purchases for the use of Essential Services. The G. I. P. Railway has its own independent organisation for purchase consisting of a Food Controller assisted by a number

of Food Inspectors. Actual purchases were made either by (a) placing orders on merchants prescribing the terms and conditions of supply, i.e., godown or F. O. R. dispatching stations or (b) by the Food Inspectors proceeding to the village markets and purchasing grain direct from the agriculturists. It was not possible to build up reserves of foodgrains in each district. In Sholapur, the District Magistrate had arranged for the local Textile Mills to make purchases in three non-scarcity talukas in his district with the stipulation that upto 50,000 bags out of the amount purchased would be earmarked for supply to Government.

In Bihar the necessity for guaranteeing supplies of food to the coal-fields in the Dhanbad area, the Tata Works at Jamshedpur and the mines in Giridih, Kodarma and Singhbhum was present before the possibility of any All-India Procurement Machinery was envisaged. In the autumn of 1942 this question became a continuing anxiety. Since January 1943 the Bihar Government have arranged for 54,000 maunds a month to be sent from the surplus district of Purnea to Dhanbad. As already pointed out, in March, a Trade Adviser, was appointed who was allowed to use his own firm, the Bihar Commercial Corporation, for buying rice and paddy. Since then district officers have been encouraged to make large purchases within their own districts. We have no precise information of the future organisation. The improvised machinery however seems to have fed adequately the deficit districts and the essential industries.

In addition to Sind, with its special features, it is in the Provinces of Madras and Assam that the purchase arrangements cover the widest field and may be said to have attained most success. At first sight the methods stand out in sharp contrast, the former being a completely official agency, the latter being a completely commercial agency. Closer examination reveals more points in common than in contrast because, for all practical purposes, the staff of Steel Bros. have become Government servants in a specialised field. Points in common are :—

(1) Exports, deficit areas, defence requirements essential services and industries are concentrated in one agency.

(2) The agency has received and depends upon the co-operation of the merchants and millers.

(3) Success is conditioned by close regulation of transport.

(4) The Agencies in these two Provinces were the first in India having started in September 1942, 6 months before the Food Department first propounded any procurement plan.

V. Finance and Accounting including Remuneration of Agents.

The degree of variation in financing is as wide as in the other aspects already discussed. In the Madras scheme all transactions are financed by the Trade. The merchants of the deficit districts and the importing States|Provinces or their merchants make deposits in the personal deposit account of the Grain Purchasing Officer who pays the local merchant or miller (his seller) by a cheque on that amount against the rail receipt after the importing merchant or his agent has inspected and accepted the grain before loading. Since the end of April 1943 a sur-charge of 4 as. per md. has been levied on all supplies purchased for deficit districts (but not for exports) to cover overhead charges, and provide a small fund in order to subsidize imported millets. The Grain Purchase Officers work under the close control of the Commissioner of Civil Supplies and a section of the latter's office watches the financial side of the operation. The accounts of the Grain Purchase Officers are audited by the Outside Audit Department of the Accountant-General.

In the Punjab also, transactions are financed by the trade. Since the 15th August 1943, from which date Recipient and Surplus Provinces have been required to settle inspection and finance between themselves direct, without the intervention of the Central Government, the Purchasing Agent receives full payment of his bill on presenting the Railway receipt and specified documents to a Branch of the Imperial Bank of India. Inspection takes place at the station of despatch. The bank then forwards these documents to the consignee, who pays for them at the other end, to a sister Branch of the bank nearest him. The Agent's commission of 9.9 pies per maund is credited, in the first instance, on presentation of the bill and documents by him to the Bank, to Government, and at the end of each month after the Agent's accounts have been inspected by the Accounts Officer attached to the Director of Food Supplies Office, the commission is paid. This new system of clearing finance gets rid of some of the difficulties which existed in the method of finance which prevailed before August 15th 1943, under which the Purchasing Agent received 95 per cent. of his bill on presenting the Railway receipt to a scheduled bank and the balance of 5 per cent. after the grain had been inspected and passed at destination. A substantial difficulty under that system was that owing to delayed despatches, due to the shortage of wagons, the financial resources of the Agents were severely strained. Moreover, the delays in the payment of the balance of 5 per cent. were inordinate and always engendered irritation. The absence or inadequacy of inspection arrangements, changes in destination of supplies, and occasional refusals of consignments were some of the causes of these delayed payments.

In Sind too trade finance is used, the syndicate receiving a commission of 1-1|4 annas per maund. Accounts are audited monthly by the staff of the Director of Civil Supplies and Commissions and incidental expenses such as gunnies, cleaning, storing, etc., are also paid monthly.

From Bengal we have the evidence of Mr. Ispahani, Government's sole buying agent for rice. His remuneration is 1 per cent. of the purchase price as clear commission. All expenses are billed for separately. Mr. Ispahani was emphatic that at this rate of commission or, indeed, any other rate which Government could afford to pay, merchants would not put up their own finance, as the rate of profit in private trade and investment is so much higher than in the field of Government controlled business.

The Assam arrangement depends on Government finance provided by means of large imprests made over to the Agents. All orders accepted from extra-provincial and industrial consumers must be prepaid. Deposits therefore are collected by Government's agents when orders have been accepted by the Assam Supply Department at the prevailing market rate. The Finance Department of Government relies on the Agent advising the Finance Secretary in any case where prepayment has not been obtained. Detailed accounts are maintained in commercial form at all branches and these are combined into monthly overhead accounts rendered through the Shillong Office to Government. These accounts are subjected to a dual check by the Accounts section of the Supply Department of the Government of Assam and also by the comptroller. The remuneration for Government agents is 3 annas per maund for the first 95,000 maunds and 0-1-6 per maund thereafter, all calculated on purchases made each month. Agents pay all salaries, travelling, office, and incidental expenses from this commission. All bills include a cess of 6-1|4 per cent. *ad valorem*, the proceeds of which are used to cover shortage expenses, the cost of the extra staff used for the prevention of smuggling to Bengal, large losses due to pilferage during rail transit and trading losses. There have been no trading losses so far, as the market has been continually rising, but a collapse in prices would make serious inroads on the Cess Accounts.

Central Provinces.—The purchases were financed by the sub-agents who at first received 90 per cent. of the purchase price at the time of despatch plus certain prescribed handling charges which the Commissioner notified for each market. The Agent's remuneration was a clear one anna a maund. The balance of the purchase price was not paid until the consignee's receipt was forthcoming, but, as in the Punjab, the receipt was frequently delayed and caused loss to the agents. Later the C. P. practice was to pay the full price of the consignment at the time of despatch.

Bombay.—Since the basis of the Bombay system is purchase by District Magistrates the bulk of the finance has necessarily to be found by Government, a total Rs. 1,52,18,000 being placed at the disposal of District Magistrates. Sums advanced by Government are placed to the credit of a Personal Ledger Account opened in the name of each District Magistrate. It is usual for District Magistrates to divide their distribution allotments among the taluka officers so as to enable these to make prompt payments for foodgrains purchased within their jurisdiction. Expenditure incidental to the Procurement Scheme such as e.g., on transport, godowns and establishment is debited to the Personal Ledger account. District Magistrates have been asked to keep detailed accounts of all transactions in forms prescribed by Government. The accounts are test-audited by the Accountant General's outside staff. The Accountant General also receives from the Treasury or the Bank a "Plus and Minus Memo." showing the monthly withdrawals from, and credits to, the District Magistrate's Personal Ledger Accounts and from the District Magistrates, a monthly classified account of their transactions.

As Government agencies were utilised in most of the districts for local procurement, no question of remuneration arose. In the Sholapur District, however, village officers were being paid one per cent. commission on any purchase made through them.

In the Ahmednagar District, Government purchasing agency was supplemented, wherever practicable, by Co-operative Credit Societies and reliable merchants. In such cases, commission at the rate of one per cent. was paid in addition to actual expenditure incurred on negotiation, measuring, stitching 'hamali' and transport.

The firm which was employed as Government agent for the purchase of rice in the Thana and Kolaba Districts was paid commission at the rate of six annas per bag of 182 lbs. in addition to the actual expenditure incurred in moving the rice to destinations outside these districts. The responsibility for shortages, shrinkages and loss or damage prior to delivery of the goods was borne by the firm.

Some of the conclusions to be drawn from these various methods are :—

(1) Where there are large organised markets with attendant banking facilities, such as those for wheat in the United Provinces, Sind and the Punjab, there is no necessity for Government financing purchases,

(2) in the less well-organised markets, such as that for rice, trade finance will be sufficient if the larger transactions are with the mills ; if the Government staff is sufficient, efficient and adequately supervised ; and if there are no great difficulties or delays in transport,

(3) Government finance is necessary in those Provinces where a commercial agency has been appointed and where the market is poorly organised with collection points widely scattered ; where the transport system is unduly strained, as in North East India, with long delays in despatch and in transit where the price level is so high that the small trader has not the capital to deal in his usual quantities ; and where the level of profits from trade and investment are likely to be as inflated as the 1943 price of rice in Eastern India. Where rice and

as in Assam, paddy has to be collected from many dealers at scattered points, the immediate payment of cash is an additional inducement to maximum procurement.

VI. Relations of Purchase operations to price system.

It is possible to distinguish three different situations :—

I. Purchases at the statutory maximum prices where price control by notification was effective.

II. Purchases at ceiling prices which Government instruct their commercial agents or their officials to observe.

III. Purchases at the market rate.

2. Sind and the States of Cochin and Travancore are examples of the first class. In the two States, the entire stocks of paddy, less a carefully regulated quantity for the growers' consumption and seed requirements, were bought by the Government Purchase Officers at a flat rate either on the field itself or from the granary of the seller. The States of Travancore and Cochin took these measures as the first step towards meeting the deficiency of 55 per cent. The operation of this method enabled Sind to acquire the whole of its surplus wheat and to maintain punctually the deliveries promised under the first Basic Plan.

3. Method II met with its greatest success in Madras, Central Provinces and the Punjab. In the two former Provinces the official purchasing agency by confining their operations to the surplus areas, by reducing competition to a minimum and by a careful regulation of transport contrived to maintain during the first half of 1943 a price for rice of approximately 100 per cent. above the pre-war level. At Raipur in the Central Provinces the price is Rs. 8|8|- per maund, whereas in the surplus areas in Madras the price at present varies from Rs. 7|12|- at Bezwada, to Rs. 8|3|- at Tanjore and Rs. 8|10|- for a superior rice at Nellore. The ruling price at Bezwada has risen by about Rs. 1|6|- per maund since September 1942.

In the Punjab where six commercial agents operate under the general direction of the Director of Food Supplies, the ceiling price has varied much more frequently and the Director in fixing these ceilings takes into account many market factors and reports which are not allowed to influence the official agencies in Madras or C. P. It is claimed however that as the orders placed by the Director of Food Supplies for export are the dominating factor in the market, his ceilings have an important influence on it.

From U. P. and Assam came evidence of ineffective price ceilings because the agencies operating on behalf of Government were unable to influence the market, as their requirements were so pressing that they were unable to hold off long enough to make their abstention felt.

4. Assam, Bihar and Bengal produced evidence of Government buying operations at the market rate. It is significant that these three Provinces are in the region where prices are dominated by conditions in Bengal. The Bengal evidence showed that the scramble for supplies at ever-increasing prices had diminished the supplies procurable and had led to a growing demand in Government and commercial circles for a notified price and an entire reversal of buying policy for the ' aus ' crop which comes on to the market in September.

In Assam, the policy of following the market had led the Assam Government to take special steps to eliminate competitive buying, and since July 1st it had been arranged that the Tea Industry which caters for the needs of 1,200,000 people would not compete with Government Agents but would take 25 per cent. of the quantity bought by Government Agents. This allotment of a quota combined with the allotment of all the wagons for the carriage of rice from the surplus areas to the deficit areas or for the Defence Services had greatly steadied

the market, had reduced the baneful influence of Bengal price levels and increased the amounts of rice being offered for sale. Whilst it is possible that both industrial and controlled buying at market prices might have had a better chance of success and stability, had the Bengal situation been less abnormal, it is significant that the consensus of opinion from this region was in favour of statutory price control inspired as much from a belief in the inherent soundness of such a policy as from a belief that no experiment in price control could produce worse results than the uncontrolled market operations of the spring of 1943.

VII. EXTENT OF INTERFERENCE WITH, OR UTILISATION OF, OR CO-OPERATION WITH TRADE.

The various systems of procurement all interfere with trade to some degree but less than might be expected even when there is an official purchasing agency. The extreme degree to which trade has had to be eliminated in Travancore and Cochin is special and is due to their heavily deficit position. In Madras trade at a certain stage and to a limited extent is excluded altogether. What the Madras Government have done is to interpose an official agency for all procurement of paddy and rice in the surplus areas, if it is to be moved outside that area whether for export outside the Province, or to supply deficit areas in the Province, or to supply Defence Services or essential Industries and services. The link between the merchant or commission agent at the consuming centre and the corresponding party at the producing centre is broken and they have no direct contact in the matter of striking a bargain or even of selecting a sample, the only contact being at the time of loading in the matter of inspection and acceptance of the goods in accordance with the sample of the grain allotted by the Grain Purchase Officer to the particular purchaser from a particular seller. The fact that the ordinary contact between buyer and seller for supplying town and other needs within the surplus areas has not been broken has not so far created any difficulty even in a Province which is deficit, and markedly so in the current year. It has not been found necessary to monopolise all the trade in the surplus areas but only the export trade, the reason being that the enforcement of the Foodgrains Control Order is adequate and the fear of requisitioning also operates to prevent local traders compiling excessive stocks.

The Assam system may be roughly described as the same as Madras, substituting the commercial agency, Messrs. Steel Bros. for the Grain Purchase Officers.

Under the Sind arrangements, the number of traders competing for export business has been reduced, but an effort has been made to utilize the maximum number of existing traders consistent with control. Broadly speaking, the Punjab scheme has the same intention. The United Provinces system falls somewhere between the Madras—Assam and the Punjab—Sind arrangements.

Under the Bihar system, the Bihar Commercial Corporation by dealing direct with rice mills displaced certain intermediate trade agencies, or at least relegated them to a lower level, while mill syndicates, if not exactly eliminating any trade agency, prevented agencies at that level competing with each other.

CHAPTER 7.—DISTRIBUTION AND CONSUMPTION.

1. Although taking India as a whole, the food-problem presents its most acute aspect when the urban population is being considered, it is very far from being true that in all parts of India the rural population, or, at any rate, sections of the rural population, can be left to look after themselves on the assumption that they own sufficient land with sufficiency of output, to tide them over from one harvest to another. This is not the case. Even in normal times, there are cultivators whose holdings are too small to sustain them throughout the

year : there are various classes of landless labourers and menials whose food supplies come to them through others and there are, in addition areas of the country side which grow other crops and depend upon imports, whether from overseas or from other parts of India for their food supplies—the most striking case, of course, being the States of Travancore and Cochin. In addition, it must never be forgotten that certain crops are grown by plantation labour which has to be maintained, whilst in other parts there are mining and other operations carried out in the country side, and food has to be provided for the persons engaged in these occupations. It is probable also, that in certain parts of the country the rural population has been swollen by evacuees from cities. Further, in the crop year which has just ended, the rural problem of food-supply has been greatly accentuated by the cyclone and other elements which have caused a partial failure of the Bengal crop, by partial crop-failures elsewhere, especially in Madras and in Bombay.

2. It would thus be a profound error to deal with the problem of food-supply as if it were one only of securing a regular supply to the cities : on the contrary, in considering whether a Province and State has a net surplus or deficit, the feeding of the rural population must also be considered. The food problem is *one* and no section of the population must be neglected. Indeed, it is clear that unless regular supplies are forthcoming to the rural areas which are in deficit, the only effect is to aggravate the problem in the cities, owing to the migration of foodless people thereto, as is the case in Calcutta to-day. We propose, therefore, to deal firstly with the problems of distribution and consumption in the cities, and then to deal with the same problems from the rural angle.

3. The fundamental fact about the urban situation is that, apart from the possible production of some vegetables, it tends to be a 100 per cent. deficit food-area, and the greater the size of the city, the truer this is. (There may, of course, be some dairy cows kept within the city limits and some poultry, but these animals also require feeding stuffs). It does *not* follow that the entire population is completely dependent on the normal channels of trade for their *daily* food : under Indian conditions this is by no means the case. Many persons buy for as much as six or twelve months ahead : others, again, have connexions with the country which enable them to draw supplies of foodgrains without resort to the normal channels of trade. But the generalisation that the larger the city the larger proportionately the number of persons who depend on imported foodstuffs remains true.

4. Before foodgrains can reach the consumer in the urban centres, it is necessary, first, that the machinery of procurement should function adequately, next that transport should be working adequately and lastly, that there is a proper machinery of distribution. We have dealt with procurement in the preceding chapter, we now propose to deal with the question of transport.

5. It is notorious that the railway system in India has had a great additional strain thrown upon it as a consequence of war conditions. A great deal of heavy traffic formerly carried by sea has now to be carried by rail : in addition the volume of traffic has been swollen in connexion with the requirements of the military and the supply services. Moreover, after four years of war and strain there are shortages of locomotives and of wagons. In addition, transport is liable to be interrupted by physical disabilities, such as the recent floods which impeded traffic to Calcutta : it is also liable to be affected by operational difficulties (other than those caused by an act of nature).

6. The Committee is not in a position to offer any useful comment on the technical " operational " difficulties which occur from time to time. Evidence before the Committee was given by Mr. A. A. Phillips, Controller of Railway Priorities, War Transport Department. We were informed that " A great many of these operational restrictions are local and very temporary and a great

many are never heard of at the Centre. They may be purely local and may be imposed for a short time. Big ones naturally will come to our notice (*i.e.*, War Transport Department)." We can only express the hope that the gravity of the transport problem is fully realized by the Department mainly concerned, and we have no reason to suppose that this is not the case.

7. As regards the movement of foodgrains generally in relation to the transport situation as a whole, we were informed that—

(i) The War Transport Department is acting " under Section 85-A of the Defence of India Rules under which we give instructions to Railways to give preference to certain traffic or to refuse to carry certain traffic. In other words, we try to regulate the traffic. But the whole operation of the Railways is in the hands of the Railway Board and not of the War Transport Department. These instructions are mandatory under Section 85-A of the Defence of India Rules."

(ii) There " is no standard order of priorities for the whole of India at present. There are two or three things at the top such as operational movements which take precedence over everything and coal supplies—that is to say, the maintenance of transport service—and the next one we regard as foodstuffs, speaking very generally. The War Resources Committee of Council has laid down.....we give higher priority to foodstuffs than to ordinary military supplies ".

(iii) Arrangements *in detail* " are not and cannot be made from the Centre. We got the Basic Food Plan and that was vetted first of all by ourselves and the Railway Board as regards the total quantities to be moved and as regards the suitability of the movements in general.....We then got the Plan broken down into months but we could get no further breakdown. In other words, we could not get any breakdown beyond the Provinces. Now a Province is a very big area and there is generally more than one railway route out of and into a Province. It was quite impossible for us here (Delhi) to calculate what would be the flow of grains by the various routes and through the various junctions. That is an important point. Therefore all we could do was to pass the plan with our general blessing to our Regional Controllers and to tell them to get down to it with the Regional Food Commissioners and with the Provincial Authorities, to work out by what routes the grains would leave the various Provinces. The Province mainly concerned was the Punjab and to some extent Sind. Sind was comparatively easy because a large part of the Sind grain moves by Karachi and by the sea. Punjab was not so easy, and actually when it came to the point certain of the routes did prove to be congested. "

(iv) As regards shipping : " Indian Registered Ships come under the Commerce Department. But my Department.....is more and more concerned with them because we have to arrange to divert goods by sea in order to relieve the Railways and we have also to arrange movements by sea in order to make sure, for instance, that Calcutta gets its salt and that sort of thing. We are very much concerned in it, but the actual allocation of the ships is not under us, but under the Commerce Department."

8. Whilst these are the general arrangements, we have received evidence which points to some degree of lack of co-ordination and mis-management of actual movements in the Punjab. We have had complaints that owing to the absence of storage facilities and the provision of wagons, purchase operations have at times been held up. There have also been cases of large consignments of available foodgrains lying on station platforms awaiting wagons. On the other hand it was represented to us that at other times, whilst wagons were

available, the foodgrains which should have filled these wagons were not forth coming. We are satisfied that these complaints are not without foundation, although the facts upon which they are based are not necessarily representative of the general course of events.

9. It is clear to us that the provision of adequate storage accommodation in the Punjab and at Karachi, is of the first importance in order to prevent procurement operations being held up if it is not possible for any reason to synchronize purchases with dispatches.

We have also received some evidence that there has been some confusion in certain cases resulting from frequent changes in destination and consignee's instructions.

10. It appears to us indispensable that the Food Department should have a special officer attached, who should be an expert in transport and allied subjects, to act as Liaison Officer with all the Departments concerned with movements. This, we understand, is also the view of the Food Department itself. It must be clearly understood, however that actual responsibility for physical movement, from day-to-day must rest with the Transport Departments and with the interested Provinces and States.

11. In view of the critical situation in Bengal, we quote here the latest information we have received regarding transport arrangements from the speech of the Honourable Sir Edward Benthall (Member for Railways and War Transport) in the Food Debate in the Legislative Assembly on August 10, 1943 :—

"But the province which is causing the most anxiety to this House is Bengal. In the last three weeks of July, we despatched from the Punjab in the direction of Bengal an average of 36 wagons of wheat and 30 wagons of other grains every day. The Bengal Government's own figures show that nearly 2½ million pounds of rice, paddy and wheat were imported daily into Calcutta in July and the population of greater Calcutta and Howrah is some 2.48 millions. More could have been sent from the Punjab if arrangements could have been made to receive it but it is no use consigning grain to terminal stations if it cannot be handled. We have already suffered from traffic blocks owing to that reason. The plan which my Honourable Colleague the Food Member mentioned, provided for the despatch of 120 wagons a day of different foodstuffs to the Calcutta area and these should be booked to the following stations to the following maximum limits :

Howrah	65 wagons.
Ramkrisnapore Flour Mills siding	20 wagons.
Ramkrisnapore Goods Sheds	13 wagons.
Ultadanga	7 wagons.
Kantapukur	15 wagons.

If more wagons were received in any station on a given day, waste of transport would take place and there would be no improvement in the food situation. The problem therefore is one of business and transport organisation, or correctly correlating despatches to unloading stations, of ensuring that the documents are received in time and in order and of efficient handling at the receiving end. To assist an even flow of wagons to the Calcutta area and its distribution to the stations which I have mentioned, the possibility of organising a regulating station at Moghulserai is under active examination but there are complications to be overcome.

The House will want to know what is moving into Calcutta since the floods interfered with transport. The answer is that priority arrangements have been made to move 90 wagons of foodgrains coming from the East Indian Railway every day (actually the average between July 29th and August 2nd was 106) and 60 wagons of foodstuffs of other kinds,

also emanating from the East Indian Railway, while 40 wagons of foodgrains are reported to be flowing in over the Bengal Nagpur Railway.

If therefore we are able to keep up our programme of 190 wagons of foodgrains and foodstuffs per day to Calcutta and beyond by these routes, this will represent some 8 million pounds of food or enough to give adequate nutrition on a full diet of 2½ lbs. a day to more than 3 million people and this takes no account of the foodstuffs which arise in Bengal itself. As I mentioned previously, the population of greater Calcutta and Howrah is 2½ million and to give the population, 1 and ⅓ pounds of foodgrains a day, apart from other foods, would require some 75 wagons only against the number which I have quoted. And these figures take no account of the foodstuffs which are being sent by other Railways such as the Bengal and Assam, nor does it take into account the supplies which are being sent by sea from Karachi. One steamer loaded with wheat left for Calcutta from Karachi a day or two ago. Another will sail in the very near future and only last night I received news of a couple more being probably available in the next few days. This route *via* Karachi must be the main route for further relief on a major scale in the near future. Sir, that is the position."

When the Regional Controller of Priorities in Calcutta approached the Minister for Civil Supplies in Bengal on the 5th instant, the latter informed him that he was not conscious of any complaints in regard either to the quantity or the proportions of the foodgrains received. At this stage, it ceases to be a problem of transport and becomes one of distribution, especially to that section of the people who cannot afford the price..... "

So far we have dealt only with the railway as a form of transport but there are other equally important means of transport which must be used if foodgrains are to be made available to large consuming centres in anything like the quantities required. So far as the roads are concerned, Government should investigate the possibility of utilising them to the maximum possible extent. There remains the question of river and sea traffic. So far as sea-going country craft are concerned we are glad to record that efforts are being and have been made for several months to organise sea-going country craft on the West Coast, and the fullest possible use should be made of this for purpose of transport which should be so organised as to permit the movement of the maximum possible quantity of supplies and, even more important, to give priority to the movement of foodgrains wherever necessary just as is done on the railways instead of allowing them, as at present, to take whatever cargo is offered at the most favourable rates and on the most favourable routes. If necessary country craft should be requisitioned or some other form of control instituted to give priority to cargo most urgently needed instead of to unwanted cotton being bought for investment in other maritime places, or to exports to Gulf ports.

Of course, by far the most important form of sea transport is by steamer ; the quantities ships can handle and the comparative ease of control over a smaller number of ships each with a capacity equal to 50 or 100 country craft makes it vital that at least all the shipping available on the coast of India should be properly organised. We have had it in evidence before us that even at the beginning of the fifth year of war there is still a lack of co-ordination and control. It appears that the ships available fall into three classes :

(a) those under the control of the Indian Shipping Adviser which have been chartered by the Central Government ;

(b) those controlled by the Ministry of War Transport and employed in Indian waters ;

and (c) those other ships sailing under the Indian Registry without any control at all (for which reason they are usually referred to as the " free lines "). Not merely are there three or more people or companies with shipping at their disposal who have to be approached when freight is required but we understand that at least two departments of the Central Government are concerned in their administration. We therefore, strongly recommend that there should be more actual control over, as well as co-ordination of, all the ships available in Indian waters and that as a condition precedent to that, one department only of the Central Government should deal with all questions of shipping and of transport generally.

So far as river traffic is concerned there seems to be as little co-ordination over it as there was over country craft a year ago. The problem of co-ordination is even more difficult than that of country craft but that is no reason for not tackling the problem and the fact that it can be tackled is proved by its organisation on the River Indus during the three months of last year when Baluchistan and parts of Sind were completely cut off from the rest of India by the floods. An ideal system of organisation would seem to be the formation of railway ' out-agencies ' of river boats. There are many examples of rail-cum-road services operated by the railways where the road traffic is organised as a feeder both of passengers and goods to the railways. There is even the example provided by the North Western Railway of a parallel road-rail goods service between Lahore and Amritsar by which goods are accepted at railway booking offices at either end for transmission to the other end and it is at the discretion of the railway to transport the goods by rail or by road according to the state of the traffic. Such a system would have seemed practicable for part of the way between the Punjab or U. P. and Calcutta during the period when the main lines were breached, as providing an alternative method of getting food supplies to Bengal, but quite apart from a makeshift arrangement (which is very difficult to organise at short notice) it seems to us that it would be of permanent advantage, at least for the duration of the war, when the pressure on the railways is so heavy and not likely to become any easier. We therefore, recommend that whatever system be adopted, whether it be of an ' out-agency ' of the railways or not, the river traffic of India should be better organised and brought under such control, as in the case of country craft, as would enable the essential goods and especially foodgrains to move, and to move in priority.

12. On July 27, 1943, it was agreed by the Committee that the Chairman should address the Food Department, intimating their view that rationing in all the larger urban centres should be regarded as imminent and that the system of rationing would have to be applied to the smaller urban areas also, at no very remote date. The Committee therefore recommended that each Province and State should depute one or more senior officers to Bombay, in order to study the system of rationing obtaining there. Since it was probable that with the extension of the rationing schemes a larger number of officers would require training, the creation of a Training School by the Centre should be taken into immediate consideration by the Food Department. This view of the Committee has already been acted upon.

13. Our decision to recommend the extension of the rationing system raises, we are well aware, some very serious issues which must be boldly and squarely faced.

14. On many grounds thorough-going rationing is likely to prove more difficult in India than elsewhere, *e.g.* in the United Kingdom. Firstly, there is in the United Kingdom a much greater homogeneity of consumption standards than prevails in India, whether the situation is looked at from the standpoint of different geographical areas or different classes and sections of the population. Secondly, rationing in India must be applied to the staples of life, the

foodgrains, whereas in Great Britain (though *not* on the Continent of Europe) bread and potatoes are neither of them rationed. Thirdly, the foodgrains coming on to the market are the marginal accretions, after personal needs have been satisfied, of the output of millions of individual cultivators, cultivating small units in the vast majority of cases, whereas in the United Kingdom (though, again, not to anything like the same extent on the Continent of Europe) the cultivator is in general a capitalistic farmer. Fourthly, the United Kingdom prepared plans for some years before the War, in view of the certainty that an attack on Great Britain's " food lines " would constitute one of the most certain and most serious of the threats which she would have to face. India can benefit from the experience of other countries, but there is no time for experimentation. Lastly, though the absolute size of the urban population whose food supplies are to be rationed is not as great as some of the populations which have to undergo rationing in Europe, yet it is scattered over an immense territory.

15. These are formidable considerations, but there are also over-whelming advantages to be stated on the other side. Firstly, in general, we believe that it will be accepted by everyone that when an indispensable necessity of life is in short supply in relation to the aggregate demand for it, the only equitable basis of distribution is the greatest possible approximation to equality that can be obtained. To leave distribution to be settled, under such circumstances, by the crude operations of the " law of supply and demand " is simply to acquiesce in the richer sections of the population sacrificing nothing, or relatively little, whilst the poorer sections sacrifice much, or in extreme cases—everything. Because the foodgrains are the very basis of existence their distribution in a time of scarcity cannot be allowed to be determined purely on commercial lines. Secondly, rationing in the urban areas is the *only* way of dealing with a series of phenomena of the most distressing kind and having the most deleterious social consequences.

(a) Rationing is the only method of killing the queue, the expression of an enormous amount of worry and fatigue on the part of the least protected members of the community. Quite apart from the physical strains involved, the queue is the breeding ground of panic and social unrest. If rationing did nothing else but kill the queue, its advantages would greatly outweigh its disadvantages.

(b) Rationing is the only way of dealing with hoarding and panic-buying on the part of large sections of the populations. If people *know* that their food supplies will be forthcoming, in adequate quantity they will not hoard out of fear that they may be left in a distressful state.

(c) At a time of shortage, rationing is the only method by which public support can be enlisted against the hoarder. So long as everyone is inclined to hoard, there will be sympathy, with, rather than opposition to, those who are successful in their efforts.

(d) Rationing is one of a series of measure which are necessary if a successful application for imports is to be made. It is surely fanciful to imagine that in a world in which food shortage is now a universal phenomenon the Government of India will not at once be asked : " What are you doing yourselves to see that what foodgrains are available are being equitably distributed ? Do you expect us to spare you grains and shipping if you are not willing to exert yourselves ?"

(e) Rationing seems to us to be the only sure basis for the future allocation of supplies on an all-India basis. Rationing, for the first time, will allow of a rational calculation of *need* and, as such, appears to us to be an indispensable

part of a Long-term programme. In any case, the question of whether or not rationing should be introduced into India has already been prejudged. From the information at our disposal (mid-August) it appears that full fledged rationing has been introduced in Bombay City and suburbs, Poona and Kirkee, Cochin State, Travancore, Bangalore City, Civil and Military Station, Bangalore, Cutch, Indore City, Dewas Senior, Morar and Leshkar in Gwalior State, Quetta Pishin, Jafarabad and Vithalgadh (in Kathiawar Agency) and partial rationing in Bhopal City, Junagadh, Thanadeoli and Manavadar in Kathiawar Agency. In Bhavnagar State sugar is rationed in all towns and partial rationing of foodgrains in the City is intended to be replaced by full rationing. The introduction of rationing is contemplated in Peshawar, Ajmer City and Madras City. From press reports, action is also contemplated in Calcutta and the urban areas of the United Provinces. Thus in fact it is a matter of securing some semblance of uniformity and order rather than of securing acceptance of the principle.

16. We now propose to set out *seriatim* the views we entertain as to the scope and method of rationing and the reasons therefor. We have been greatly assisted, in this part of our task, by the advice tendered to us by Mr. W. H. Kirby, the Rationing Adviser to the Government of India, and where necessary, we quote from his evidence.

(i) When rationing is introduced, it should extend to all classes and sections of the population and should cover all major foodgrains in general use in the particular areas concerned.

(ii) The standard ration, apart from any temporary breakdown, should not be allowed to fall below 1 lb. per adult per day. If, in spite of the Grow More Food Campaign and improved procurement machinery, the available supply in India is insufficient to guarantee this ration, imports must *be made available. Due attention must be paid to securing adequate quality.*

We attach the greatest importance to all these principles. Firstly, it is only in this way that equity can be secured and the available supplies made to go as far as possible. To ration one section of the population, whilst leaving other sections unrationed, is simply to *invite* the latter to secure a larger (proportionate) share than would otherwise accrue to them. Secondly, it is only by general rationing that the fullest possible reprecussion upon prices is secured. Prices rise because of competitive purchasing : rationing is the surest means of eliminating such unlimited competitive buying.

We have already drawn attention in our section on imports to the low absolute standards of consumption prevailing generally in India (Chapter 4, paragraph 17). We refer again to what we have said in paragraph 14 above, in regard to the differences between Indian and English conditions. We cite, in paragraph 21 below, Dr. Akroyd's view that there is at present no available substitute for cereals in the Indian diet. Under these circumstances for a large part of the population the quantity given under the ration represents the sole effective intake of food and in our opinion, that quantity should not be allowed, except in the case of temporary breakdowns, to fall below the amount of 1 lb. of cereals per adult per day. The Food Authorities must therefore adjust their procurement plans so as to secure the amount required for this daily ration and, if the available supply from domestic resources is not sufficient, the Government of India must secure the necessary amount by means of imports from Overseas.

Quality is as important as quantity : the more so if the quantity itself is limited. We think, therefore, that it is incumbent on the Rationing Authority to satisfy itself that the rationed foodgrains which they supply should be qualitatively, as well as quantitatively, adequate.

(iii) *It is desirable that, as far as possible, the tastes and habits of the various communities should be respected, but no guarantee can or should be given to any section of the community that its habitual foodgrains will be forthcoming in the usual quantities.*

This conclusion appears to us to be based on common sense. Shortage are not likely to be evenly distributed over the entire range of foodgrains, and therefore those in which the shortage is greatest will be the most difficult to procure. The practical method of adjusting the position of the consumer to the facts of the situation is to give him a choice, as far as possible, but to " weight " the scale *against* the commodity in shortest supply *i.e.*, a " unit " will not have the same significance, say, in terms of *atta* as in terms of millets.

It has been represented to us that in Bengal, social custom dictates that *Atab* rice alone is consumed by widows. This does not seem to us to present any difficulty. Similarly we were informed that special rices such as Amritsar and Dehra Dun, in consequence of their high price, were not consumed by the bulk of the population. This case, again, does not seem to us to present any difficulty. Those who prefer this rice will be able to obtain it, up to the limit of their ration, from the shops which are accustomed to stock it.

It has also been represented to us that some consumers would prefer to receive their ration in the shape of wheat, rather than flour or *atta*. We see no objection to this, provided the principle that the rationing authority cannot guarantee the supply of either is fully recognised.

(iv) *Rationing will be difficult unless adequate procurement machinery is available to guarantee supplies. All Provinces and States must be instructed to review their existing machinery in the light of the magnitude of the task implied in the extension of rationing.*

(v) *It is possible that the announcement of the introduction of rationing will lead to an attempt to forestall it by the accumulation of reserves by individuals. Provinces and States must counter any such attempt by vigorous and drastic enforcement of anti-hoarding measures and by control of movements into cities.*

These two aspects of the administrative problem of rationing obviously hang together. We wish to emphasize that, so far as procurement is concerned, the essential element is not so much the possession of a stock or reserve, as the maintenance of regular supplies. No doubt, from the psychological and price-control points of view, the possession of a reserve is important, if not indispensable, but the objective should be the attainment of a situation in which the drawing upon of a reserve should be unnecessary, though the reserve must necessarily be " turned over " from time to time to prevent deterioration.

This whole policy will be frustrated if individuals are permitted to interfere with orderly procurement by last-minute attempts to build up stocks for themselves. Such action, besides being an attempt to escape from what should be a common burden in a time of pressure, will *ipso facto* aggravate the procurement problem. Movements into and out of, cities, whether by road or rail, must therefore be most carefully watched, and a census of stocks within the city in question *must* be held. It may be a question for discussion whether individuals holding stocks be permitted to keep them—necessarily losing their right to a ration book in consequence—but there can be no question whatever of the impropriety of the individual attempting to evade a common sacrifice.

(vi) *There should be no attempt at harassment or persecution of individuals for minor breaches of the law. But the law must be respected and enforced. Enforcement machinery must be adequate.*

We regard this subject of the highest importance. It is clear that to make rationing a success, it is imperative that the Food Administration should gain the

confidence of the local population. A very large proportion of these will be the poor people, already very worried over the question of food supply, pre-occupied with daily tasks, many perhaps illiterate and very many unused to coming into contact with the official machine. The very last thing which should be tolerated is a hectoring manner, bullying and attempts at extortion. There will be many small slips—losses of ration books, mistakes in statement as to location, the numbers of individuals in the family and so on. In dealing with the public, tact and infinite patience will be required. Various means of reducing the chances of friction will be discussed below. But we wish at the outset to insist upon the eminent desirability of giving the honest, but harassed and bewildered, individual the benefit of the doubt—where such benefit can reasonably be given.

On the other hand, we must also make it plain that if and when rationing is introduced into an urban area, it is because there is a serious situation in the country, which calls, as far as possible, for equal sacrifice and for a common effort. There are inevitably black-sheep in every community : people who are *not* willing to endure what others are prepared to endure and who will not mind conniving at breaches of the law, or mind actively suborning and corrupting officials in order to get what they want. This kind of situation has arisen in other countries where rationing has been practised and has had to be stamped upon with an iron heel. Mr. Kirby told us that—

> " I should like to say that although the Ministry of Food has got a very good reputation and the people of England have an enormous reputation—every credit is due to them for the spirit of sacrifice they showed—there *were* black traitors in our food history.....so month by month in London alone we had over 600 prosecutions and throughout the country 3,500."

In our judgement, if individuals are found wilfully committing a clear breach of the regulations and are deliberately trying to improve their own position *vis-a vis* that of their fellow citizens, they should be punished in such a way as to deter others from committing similar offences. And this brings us to a very significant matter. It is at the beginning of the rationing experiment that ignorance is most likely to be widespread, and it is at the beginning of the experiment also that it is most likely that evasion is most likely to be attempted. For these reasons we believe that adequate enforcement machinery is required, but we do *not* desire that this enforcement machinery should form part of, or employ, the ordinary police service. Mr. Kirby informed us—

> " In my own case.....I had a legal department which consisted of two Barristers, two Solicitors and a number of clerks, all of course, full-time officials. Also we had attached to our Headquarters 14 detective inspectors retired from Scotland Yard as well as 95 first class inspectors most of whom had been attached to the Police Force. Just before I left Sir Charles Tegart, late of Calcutta joined the Ministry in order to concentrate on the " black-market " when the black-market activities were in full force."

The question of enforcement is not, of course, confined to breaches of the law committed by members of the public, who are the last link in a chain which stretches back, via the retailer and the wholesaler to the cultivator. We have further observations to offer on the subject of Enforcement when we deal with the Foodgrains Control Order (see below, Chapter 11, paragraph 14). All aspects of this subject are clearly connected together, and consequently, Enforcement must be regarded as an integral whole.

(vii) *It is essential that large-scale publicity should be undertaken so as to prepare the public and to enable it to cooperate willingly with the rationing authorities in achieving complete success.*

(viii) *It is essential that the Provincial and State authorities should set up Advisory Bureaux to which the public can turn for detailed guidance and advice, and that the Rationing Authorities should seek the positive assistance of public-spirited citizens by setting up non-official Advisory Committees.*

The necessity for these measures appears to us to be obvious. India is a land of many races and languages and many communities and the cities are the focal point where they all meet. To expect the rationing machine to work smoothly without explanation and guidance appears to us an impossibility. Guidance may take two forms : general and individual. Publicity must look after the first, advisory committees and bureaux must look after the second.

In the United Kingdom, as every reader of any British newspaper or periodical will know, the press has been a great vehicle of instruction and the Ministry of Food and its officials have been fully conscious of its importance. Mr. Kirby informed us that—

> " It cannot be emphasised too strongly that the correct handling of food propaganda in the announcements made in the Press, either by way of editorial matter or by reporting food news, is dealt with as a matter of high policy, because the Press generally can do so much good or so much harm, especially in these days where the people are becoming apprehensive regarding their food."

These considerations obviously apply, with equal or greater force, to India. But in India, visual and oral propaganda must play an even greater role than the press, and we hope and expect that the services of All-India Radio and the Film Industry will be fully mobilised, as well as the agency of the National War Front. We fully appreciate the fact that a single agency at Delhi will not be capable of sustaining the immense task of publicity which will be required, without the active collaboration and assistance of the Provinces and States Nevertheless, co-ordination, central inspiration and guidance cannot be dispensed with. For this reason, in connexion with our proposals for the organisation of the Food Department, we press for the appointment of an official to be in charge of Publicity. We do not think it necessary to argue the necessity for this appointment at length : the urgency of such an appointment " leaps to the eye ".

As regards the appointment of Advisory Bureaux and the enlistment of the services of public-spirited citizens in connexion therewith, we would agree that to enter into points of detail would lead us into error. Nevertheless, there is one point which we wish to stress most strongly in this connexion. We are most anxious to see the fullest use made of the public-spirit, the capacities and the intimate knowledge of the human side of the food-problem which is possessed by ladies, both Indian and European. We are well aware what a load of extra anxiety and worry is thrown upon women by the present food situation, and how greatly educated and public-spirited women of all communities can help to guide and advise their less well-situated sisters. We hope that no effort will be spared by all authorities, Central, Provincial or States, to enlist ladies in a cause which must be very precious to any woman—that of safeguarding the health and life of those most dearest to her.

(ix) *Arrangements which will be desirable when rationing is introduced.*

(a) *The position of the wholesale and retail trader and*

(b) *The position of the individual and the family.*

Wherever and whenever rationing is introduced, it will be necessary to associate a particular consumer with a particular retailer, and he, in turn with a particular wholesaler. It is quite impossible to maintain an adequate rationing system without registration—without, in other words, associating particular customers with shop-keepers and these in turn with larger distributors. So far as the distributing agencies themselves are concerned, if they are private firms,

they will fall under the terms of the Foodgrains Control Order, but the registration of the consumer is essential whether he buys at the shop of a private trader, or buys at a Government shop. No doubt his choice will be determined primarily by considerations of convenience, but the principle that a particular consumer *cannot* be registered in more than one place is fundamental. Neglect of this simple principle would lead to chaos and malpractices of every kind.

But what is a consumer ? There are two obvious alternatives : the family ration book or the individual ration book. On a balance of advantages and disadvantages we believe that at any rate in the large cities individual ration books are preferable. Of course this does not mean that each individual, though separately registered and provided with an individual ration book, must in person do his own marketing.

We now turn to consider the place of the wholesale and retail trader in the rationing process. Unless the consumer is to be put to most intolerable inconvenience—including time lost in travelling and standing about in queues—there must be a large number of distributing centres and this involves either a large number of specially established Government shops or making use, solely or in conjunction with the establishment of Government shops, of the normal trade machinery. It is not, in any case, any easy matter to improvise a distributing machine : sites have to be found, clerks and managers have to be found, perhaps trained, certainly supervised and an audit and inspection service set up. These difficulties are certainly not insuperable, but time is short and we do not believe that a Government monopoly is desirable, in any event. We do not wish to see the existing traders deprived of their chance of earning their livelihood and we believe that it is desirable, as far as possible, to make use of their knowledge of the trade and—equally important—of their locality. On the other hand, we also wish to make it perfectly clear that once rationing is introduced, abuses and malpractices simply cannot be tolerated. Any attempt at sabotage, overt or covert, once discovered must at once, on sufficient proof being shown, be followed by black-listing and publicity and, if the offence is a grave one, by severer penalties as well. We hope that where there are already trade associations, that they will co-operate freely with Government and similarly that Government will consult them freely and that these associations will exercise a salutary check upon their members. Where no such associations exist, we think they might be formed so as to enable Government to do with a properly organised body. But, in any case, we are convinced that in addition to the normal trade, there should, in all place, be *some* government shops to act as a check upon the trade. Where it is intended that special facilities should be given to a particular class of consumer—for instance, preferential prices—such shops appear to be indispensable. We refer to this very difficult aspect of the whole food-question in our chapter on Prices (see below Chapter 8, paragraph 23).

(x) *The position of* (a) *employers' shops and* (b) *Consumers' Co-operative Societies*—

Arrangements are in force over a considerable section of industry by which employees draw part, or all, their supplies of foodgrains through employers' associations or individual employers, very often at prices below those ruling in the bazaar. As an element in securing the contentment of labour, and their continuity of output, we rate the efforts made by the employers very highly and we have no desire to interfere with such arrangements in principle. Nevertheless, steps must be taken to secure that the beneficiaries of such schemes do not enjoy undue advantages over the rest of the community : if they (or they and their families) draw supplies in this way, they must be prevented from drawing supplies from elsewhere as well. In other words, in so far as they are concerned, they must be registered at the employers' shop and *no-where else.*

Moreover, except in so far as they come into the category of " heavy " workers or workers having some other special claims, which must be agreed to by the Rationing authority, the quantity of their ration must not exceed that of the rest of the population, nor must they be guaranteed any special kind of foodgrain if no such guarantee is given to the rest of the community.

It has been represented to us that if bodies of consumers form themselves into co-operative societies for the purpose of drawing supplies in common through an organised association, they should be permitted and encouraged to do this. We are given to understand that in Madras, Co-operative Societies have recently played a very useful role in the distribution of foodstuffs. We cordially agree with this suggestion, subject, however to exactly the same qualification as we have just voiced in connexion with distributing arrangements through employers' shops *viz* :—that if members of co-operative societies wish to draw supplies from a co-operative shop, they must be registered there and there alone : they must possess ration books, just as the rest of the community does and they must not, in drawing supplies, receive any preferential treatment.

(xi) *Desirability of uniformity.*

We are aware, of course, that considerble diversity of economic and social conditions obtains in different parts of India. Nevertheless we desire to see the greatest possible approximation to uniformity, not only as regards the basic principles (which we regard as essential) but also as regards administrative procedure. We recommend elsewhere that the Food Department should proceed to compile a Manual or Code of Food Administration. Pending the completion of this, we regard it as one of the prime functions of the Department, in advising Provinces and States, to see to it that such details as the form of the ration book, the forms (if any) to be compiled by the public and the trader, and other matters which greatly affect the day-to-day ease with which rationing can be worked, should as far as possible be uniform throughout India. Uniformity in these matters has the additional advantage of making publicity and propaganda simpler and more effective : a matter which we regard as of the utmost importance.

17. There are various matters ancillary to the rationing of foodgrains which we desire to discuss. When rationing is introduced, there is, of course, a natural tendency on the part of those whose purchasing power permits them to do so to increase their consumption of unrationed commodities. This tends to shorten their supply and thus the tendency is for the number of rationed commodities to increase. Account of this should be taken by the Food Administration in perfecting their machinery : it should be capable of extension. Sugar is already rationed in India, in the sense that definite quotas are assigned to different Provinces, and in certain areas is rationed individually. In view of the importance of sugar as an energy-food, it will probably prove desirable to ration it *per capita* in every part of India—since rationing is the one certain means of securing equitable distribution. The rise in the price of milk and the attendant hardships it is causing has also been brought to our notice. Though we have already pointed out in a previous paragraph that exceptions from the rule of equality in foodgrains administration cannot be determined on *a priori* lines, we believe that there is a very strong case for seeing to it that families with young children should receive priority in milk supplies, though this will, of course, involve in putting milk " on the ration ".

18. In giving evidence before us, Mr. Kirby, speaking of the United Kingdom experience, spoke of the desirability of " safety-valves " in a country subject to rationing schemes and drew our attention to the system of " British Restaurants ", at which cooked foods, well served in an attractive environment could be obtained at low prices and " off the ration. " He similarly drew our attention to the regulations issued by the British Ministry of Labour

requiring the establishment, at factories employing over 250 people, of factory canteens, operating, if necessary, for 24 hours a day in order to deal with workers on every one of the three eight-hour shifts. The scale of nutrition, and the prices, are in line with those of the " British Restaurants " and again the food is " Off the ration ".

19. We fully recognise, of course, the immense psychological and also physiological significance of these British expedients, but we confess that we see very great difficulty in applying them to Indian conditions, not only from the standpoint of food-supplies, but also because of the difficulties arising from the facts of community and caste. The main difference, of course. lies in the fact that foodgrains and potatoes are not rationed in the United Kingdom, whilst the essence of the rationing problem in India is the control over the consumption of foodgrains and a widespread adoption of the British system might simply result in the *per capita* individual ration having to be cut down. We are not prepared to make any recommendation on this point, but we suggest that the Food Department take the matter up for further consideration. As regards cooked food served to workers in canteens etc., we understand that the Bombay Port Trust did attempt this experiment, but that for a variety of reasons it did not prove popular—in spite of a low level of prices being maintained. We also desire the Food Department to investigate the possibility of making groundnuts available to the population as a supplementary form of diet. We are aware that there are various issues involved—the use of groundnuts as a raw material for *e.g.*, groundnut-cake and vegetable ghee or as the raw material for groundnut oil as a substitute for lubricating oils. We think, however, that this is a subject which, on nutritional grounds, it is worth while to follow up.

20. This brings us to another, but analogous question. A certain number of people are travelling every day in different parts of India. Furthermore, where individuals reside some considerable distance from their homes, they like the first class, may obtain meals at restaurants, eating-houses and hotels. It is clear that, if such persons are at the same time registered with a shop keeper, they can in this way obtain supplementary foodstuffs, unless rationing arrangements are such that such meals must come " out of the ration " in so far as rationed foodstuffs are concerned. We do *not* imply that all those who consume meals at such establishments ; are also consuming the normal ration : this is clearly not the case, *e.g.*, with a bachelor who has no meals in his own home at all. Nor are we implying that normal residence at an hotel involves the case we are considering. A normal resident at an hotel, in exchange for his meals, surrenders his coupons and is in fact in the same position as an ordinary householder.

In the United Kingdom such meals do not come " out of the ration " and it has been explained to us that the way in which the Food Ministry checks a possible abuse of the system is by drastic rationing of the proprietors of such establishments, so that the total number of meals which they can serve is limited. We agree that the principle of equality of sacrifice is impaired unless such meals (as regards rationed foods) come " out of the ration " but it seems to us doubtful whether the total number of such cases (relative to the total population) makes it worth while to make special administrative arrangements to meet the difficulty, especially as it is very probably the case that a considerable proportion of those who make use of these facilities to the largest extent are probably in the main consuming non-rationed foods and are not drawing on the rationed foods to the full extent. If it is desired to differentiate, *e.g.*, between vegetarians and meat-eaters, it must be pointed out that this cannot be done by dealing with consumers at eating houses *alone* : and we doubt whether *quantitatively* speaking, the differentiation would be worth while. But as in the preceding case, we suggest that the Food Department, consider the matter further.

21. **There is an obvious public-health aspect to the question of rationing.** We have consulted Dr. Aykroyd, the Director, Nutrition Research, India Research Fund Association, on this nutritional aspect of the question, and in a communication to us he has made the following points :—

(i) " The fact must be faced that in practice there is at present no available substitute for cereals in Indian diets. Cereals are among the cheapest and most concentrated sources of food energy and the main agricultural product of the country. An increase in the intake of pulses at the expense of an equivalent quantity of cereal (say 2-3 ozs.) would be good from the nutritional standpoint : but if cereals are in short-supply and their distribution is hindered by familiar difficulties, there is no possible reason to suppose that the situation will be different in the case of pulses. Actually the present production of pulses amounts to only 2-3 ozs. or less per head of population and unless a very large increase in production, involving an agricultural revolution, took place, they could not become a dietary ingredient of great importance from the quantitative standpoint. "

(ii) " There is no objection, from the standpoint of nutrition, to the substitution of wheat or rice by other cereals. In the case of rice eaters, the substitution of a proportion of the rice in the diet by millets may be nutritionally advantageous. If the production of millets and other so-called " inferior grains " can be more rapidly extended than that of wheat or rice, then it should be the policy to encourage its extension. It is true that the population will object to consuming unfamiliar food and there will be many complaints that the latter causes indigestion. But food is food and in times of shortages too much attention should not be given to such complaints. "

(iii) " All rationing schemes should be scrutinised by nutrition experts in order that their probable effect on the diet and health of the population can be assessed. In England and the United States of America no single step in regard to food distribution is taken without its being carefully examined from this point of view. "

We agree with this expression of opinion, and draw the attention of the Food Department to the desirability of consulting Dr. Aykroyd and his colleagues in connexion with the work of food administration.

22. There is one aspect of the food situation to which we think it necessary to refer. This is the achievement of " austerity standards " in food consumption generally. It has already become necessary in various parts of India, to regulate wedding-feasts and the manufacture of ice-cream has, we understand, been prohibited in Bombay. We believe that there is room for economy in the expenditure on foodgrains, and in the consumption of food generally, by all the more fortunately situated members of all communities and though the increased economy which we call for does not necessarily effect the foodgrains position very closely or intimately, yet we feel that on grounds of good taste and public morale generally such increased economy is called for, both in private houses and in public establishments of various kinds. There is no need, for instance, for Europeans or for Indians who have assimilated European customs and habits, to consume rice at all at present, and the consumption, *e.g.*, of cakes and confectionery by all well-to-do classes of the community might very well be cut down. In a country so diversified as India is, we think that general sumptuary legislation or regulations are excessively difficult to draw up and we would much rather make an appeal to conscience than recommend specific pieces of legislation. We would only point out that in the United Kingdom to-day, it is not possible for any one, millionaire or workman to obtain moe than a specified number of courses at a meal, whether the price is eight annas or thirteen rupees *per capita*. In India, where the more well-to-do sections of the population

find that there is no great difficulty in obtaining foods, such as eggs, ghee, butter and fresh fruit such as oranges which have a high protective significance and which are either very strictly rationed in the United Kingdom or not obtainable at all, surely an appeal for austerity should be sufficient. This, again, is a matter which should be watched carefully by the Food Department.

23. We now come to consider the position in rural areas. It will be clear that the problem of distribution in these areas will vary according as—

(i) There are organised industries situated within the rural area whether or not that area is itself surplus or deficit. By an " organised industry " we mean in this connexion industries which employ full-time labourers who have no independent food supplies of their own.

(ii) The rural area in question is on balance a surplus or a deficit area.

(iii) The rural area is in an acute state of distress, *i.e.*, in which whether the area is *normally* surplus or deficit, there has been a failure of the crop.

24. One general question of great importance arises. It is generally taken for granted that rationing in the strict sense cannot be applied to rural areas : that, for instance, in connexion with requisitioning it would be impossible to take from the cultivator an amount which would leave him with a ration equal to that which might be enforced in an urban area where conditions were somewhat strained. With this view we agree. Even in most seriously deficit States such as Travancore and Cochin it has not been possible to treat the cultivator with the same rigour as the rest of the population. But it does *not* follow from this that *other sections of the population living in rural areas* cannot be rationed, in the sense that definite quantities can be reserved for them, or supplied to them, in an organised manner, even if no " ration books " are employed. Indeed, in distressed areas this *must* be done.

25. As regards the position of industries in rural areas, the issue turns on whether the industry has made organised efforts to provide food for its workers or whether the workers are left to shift for themselves.

(a) Whether working in a surplus or a deficit area, whenever the industry is providing food for its workers, it should (i) as we have already suggested, rely upon the procurement machinery available in the Province and State in question. This follows from the principle we have already laid down in Chapter 6, paragraph 12(v) and elsewhere in that chapter, that competitive buying *must*, as far as possible, be avoided. (ii) Steps should be taken to see that whenever workers in an industry receive foodgrains, they *should not* be suffered to compete, whether in a surplus or a deficit area, with the other sections of the population not guaranteed supplies. Unless the labour in question is segregated, this may not be easy of achievement unless there is some system of registration or identification for those sections of the population not so employed, though, no doubt in the village or small town people's occupations are known by local repute to a greater extent than in the city.

(b) When labour is left to shift for itself, it should be dealt with as part of the population as a whole. The existence of such labour diminishes the surplus in a surplus area, and increases the deficit in a deficit area. We mention this point because, in so far as there have been recent shifts in population, the available statistical material may not fully reveal the facts.

26. Deficit areas have to be fed in part from outside and the question of Government intervention in the distributive process at once arises. We have made enquiries as to the situation in different parts of the country. In Assam we are informed that supplies to deficit areas are maintained through the normal trade supplemented by supplies through the Assam Government Agents which are distributed through trade or Government-run shops. In Bombay

in the distressed—as distinct from the famine area of Bijapur—areas, which may be regarded as " deficit areas " in connexion with the present argument —reliance has been placed partly upon fair-price grain shops in Belgaum District (Althani, Gokak and Parasgad Talukas) :—" Sale in these shops is on the basis of one rupee per family per week or less according to the supplies available. Public opinion acts as a check on persons who hold stocks of their own from taking advantage of the fair-price shops. There is no system of ration cards except in Althani town."—

" Upto the end of March 1943, the Collector was able to feed the affected area mainly from the three or four talukas which have had fairly good crops of jowar and rice. Outside assistance was necessary in the following months, and Government arranged to import 5,148 tons of all foodgrains into the district. It is now reported that further stocks are not necessary."

" In Gadag town, which has a population of half a lakh, distribution of cereal foodgrains through the municipality has been in force for some time. At present, six out of every seven persons are being supplied from cost-price shops run by the municipality."

" A system of distribution by cards has been introduced in the Ron and Navalgund talukas successfully. The issue of grain is on the basis of one rupee's worth per family per week and the Fair Price Committees attempt to find out which persons have resources and should not resort to the shops."

In Madras we are informed that rice arranged from surplus districts in the Province procured by the Government Purchasing Agency is distributed through licensed dealers. Millets purchased on Government account are partly issued to persons on relief as part of wages and partly sold through merchants at prevailing local prices.

Our view is this. The deficit position in one area cannot be viewed apart from the general position. The easier the supply position generally and the smaller the absolute deficit in the deficit area, the easier it is to rely upon normal trade channels. The tighter the general position and the greater the absolute deficit in the area in question, the greater the case for Government grainshops and *some*, if only a modified form of rationing.

27. Where the situation is one of acute distress, approximating to famine conditions, Government intervention is absolutely imperative. The alternative is rural starvation or migration to other places, where the situation is bound to be made worse by the intrusion of a mass of starving people, who will necessarily upset the local supply position and make rationing arrangements in the ordinary sense of the word, quite futile. How nearly impossible it is to rely upon normal trade channels under such conditions is illustrated by the experiences of the Bombay Government in dealing with the Bijapur situation—

" The worst affected area in the province is the Bijapur District, which has a population of 9,76,000. Owing to the failure of late rains, famine-conditions prevail in the district. Local resources were almost negligible, and, from the very outset, Government had to arrange to import large quantities of foodgrains from outside. The total quantity imported into the district up to the end of July comes to 41,222 tons. "

" As regards distribution, the Collector at first attempted to utilise the services of Merchants' Associations, but found that the Associations were keeping back some of the stocks entrusted to them either with a view to hoarding or selling in the black-market and thereby making a profit. He accordingly had to fall back on Government agency (Revenue Department) to secure equitable distribution. Several distribution centres were selected in each taluka from which all the surrounding villages could receive foodgrains.

" While this mesod worked smoothly for some time, it became necessary, in view of the inadequate supplies available from outside sources, to introduce rationing of cereal foodgrains from the 1st of July 1943, in the whole district according to the population of each village. and town.

" In the four *municipal* areas in the district, a detailed census was taken and family ration cards fixing the quantum of the ration at 3|4 lbs. per adult and 3|8 lb. per child. were issued. Supplies could be obtained on these cards at Government Grainshops in the municipal areas.

" As regards the rural areas, it was found that labourers engaged on relief works clung to relief works where supplies of food were assured. It was desirable to get these men back to their fields and accordingly a census of each village was taken, and after dividing it into adults and minors in the proportion of 3 : 1, rationing on the basis of 3|4 lb. and 3|8 lb. respectively, per head per day was fixed in bags for each village. Supplies on this basis were given wherever possible. to *reliable local merchants, or where no such merchants were available, to* the village officers, for distribution under the supervision of a non-official committee.

" Owing to the inability of the people in the Bijapur District to purchase foodgrains at the economic rate, Government has had to subsidise consumption mainly of bajra obtained from outside sources. Up to the end of July, Government had incurred a loss of approximately Rs. 24 lakhs on this account. Prices are now gradually being raised, but are still well below the economic rate.

" The present position of the rural population in deficit districts is reported to be satisfactory, although supplies on a large scale will have to be sent to the Bijapur District until the next harvest."

28. Our conclusions are :—

(i) Distribution of foodgrains in India cannot be considered solely in the light of urban requirements. There are various classes of the rural population who are not in a position to sustain themselves fully throughout the crop-year. Further, there are mining and other industrial enterprises carried on in rural areas, which require attention. Nevertheless, it remains the case that urban areas are in the main 100 per cent. deficit areas.

(ii) We have examined the transport situation. Procurement has in certain cases been interfered with because of wagon-shortage ; on the other hand, the Railway authorities complain that in certain cases supplies of foodgrains have lagged behind wagon-supply. It is clear to us that an officer in charge of Movements is required in the Food Department.

(iii) We recommend that complete control of, and co-ordination over, coastal shipping be secured as soon as possible and that control be centralised in one department only of the Government of India.

Also, that the organisation of country-craft be carried to the stage at least where priority of movement of foodgrains can be secured.

Also, that river and canal traffic in so far as the transport of foodgrains is concerned be properly organised.

Also, that more use should be made of road transport.

(iv) The general case for urban rationing is overwhelming and it is the view of the Committee (which has already been communicated to Government) that rationing should be introduced forthwith in the larger cities of India, both in deficit and surplus areas, both in Provincial and State areas, in the first instance in those with populations of one lakh and over and should be progressively extended. The Committee is unanimously of opinion that apart from any temporary breakdown, the standard ration of cereals per adult per day should not be allowed to fall below 1 lb. If inspite of the Grow More Food

Campaign and improved procurement machinery, the available supply in India is insufficient to guarantee this ration, imports must be made available. Due attention must be paid to securing adequate quality.

(v) It is essential that Provinces and States should at once take in hand the selection and training of the necessary officers. In the first instance these officers who will be put in executive control should be deputed to Bombay for study, but it will be necessary for the Central Government to set up a Central Training School as the number of officers required increases. The preliminary steps necessary should be undertaken forthwith.

(vi) Such rationing should extend to all classes and sections of the population and should cover all major foodgrains in general use in the particular areas concerned.

(vii) It is desirable that, as far as possible, the tastes and habits of the various communities should be respected (including the provision of wheat in place of atta or flour), but no guarantee can or should be given to any section of the community that its habitual foodgrains will be forthcoming in the usual quantities.

(viii) Rationing will be exceedingly difficult unless adequate procurement machinery is available to guarantee supplies. All Provinces must be instructed and all States must be requested to review their existing machinery in the light of the magnitude of the task implied in the extension of rationing.

(ix) It is possible that the announcement of the introduction of rationing will lead to an attempt to forestall by the accumulation of reserves by individuals. Provinces and States must counter any such attempt by vigorous and drastic enforcement of anti-hoarding measures and by control of movements into cities.

(x) There should be no attempt at harassment or the persecution of individuals for minor breaches of the law. Nevertheless, concerted attempts on the part of individuals to evade or circumvent a rationing scheme, that is, to throw upon others an undue share of the sacrifices which all should bear equally, merit and should receive drastic and exemplary punishment, without regard to any consideration other than the necessity of seeing that the law is observed. It will be necessary for Provinces and States to pay due and urgent regard to the problem of enforcement. Enforcement is likely to be most difficult in the earliest stages and the provision of enforcement machinery must therefore form an integral part of the administrative apparatus from the very commencement. Such enforcement machinery should not form part of the ordinary police service.

(xi) It is essential that large-scale publicity should be undertaken so as to prepare the public and to enable it to co-operate willingly with the rationing authorities in achieving complete success.

(xii) It is essential that the Provincial and State authorities should set up Advisory Bureaux to which the public can turn for detailed guidance and advice, and that the Rationing Authorities should seek the positive assistance of public-spirited citizens by setting up non-official Advisory Committees.

(xiii) When rationing is introduced, it will probably be desirable in the large cities to issue individual (rather than) family ration cards. Registration with a defined retailer is indispensable.

(xiv) Every effort should be made to make use of the normal machinery of retail trade, but any attempt at sabotage should be met by the withdrawal of the retailer's licence together with blacklisting and publicity. In order to act as a check upon the retail trade, Government should be responsible for a certain number of distribution centres, the number of which should be in-

creased, if adequate retail establishments in private hands are not available to avoid unnecessary drain upon the time of the consumer.

(xv) The system by which employers associations or individual employers have distributed foodgrains to their employees should be assembled to the general rationing scheme, in the sense that the beneficiaries under such schemes should be treated in all essential respects in the same way as members of the general public.

(xvi) Every encouragement should be afforded to secure the distribution of foodgrains through consumers' Co-operative Societies, subject to the principle that the members of such Societies should be treated in all essential respects in the same way as members of the general public.

(xvii) The greatest possible degree of uniformity should obtain all over India as regards the details of regulations, the size and shape of ration cards, the forms to be filled up by the public and other such matters which greatly affect the day-to-day ease with which rationing can be worked.

(xviii) There are various ancillary matters relative to rationing which we desire the Food Department to study :—

(a) The individual rationing of sugar and of milk.

(b) The creation of " alleviative " agencies in the way of Government-run cooked foodshops and of industrial canteens.

(c) The position arising from the habit of certain sections of the community in taking one or more meals at eating-houses, restaurants, etc.

(d) The Food Department should consider the possibility of improving the nutritional position when rationing is introduced by making supplies of groundnuts available to the rationed population.

(xix) We desire the Food Department to consult the expert nutritional authorities from time to time on the implications of the policies it is proposed to implement.

(xx) There is decided room in India for austerity in consumption of all foods on the part of more favourably-situated members of all communities, and, before legislation is initiated, we desire to appeal to the public morale and conscience of all concerned.

(xxi) As regards rural areas—

(a) general rationing is not possible,

(b) industries employing organised labour situate therein should employ the normal procurement machinery, whether the area is surplus or deficit,

(c) in deficit areas Government distribution and informal if not formal, rationing may be necessary, if the general situation is tight and the absolute deficit in such area is large, and

(d) in famine or semi-famine areas Government action is absolutely imperative.

APPENDIX TO CHAPTER 7.

Towns with a population of 100,000 *and over.*

(1941 census).

Provinces.	No. of Towns.	Total population of Towns. (In thousands).
Bengal	4	2,818
Bombay	5	2,723
Madras	6	1,563
United Provinces ..	12	2,620
Punjab	7	1,615
Bihar	3	430
C. P. & Berar	2	480
N.-W. F. Province ..	1	131
Sind	2	487
Delhi	1	522
Ajmer-Merwara ..	1	147
States and Agencies ..	14	2,844
	58	16,380

Towns.	Population (In thousands).
Bengal Presidency.	
1. Bhatpara	117
2. Calcutta	2,109
3. Dacca	213
4. Howrah	379
Bombay Presidency.	
5. Ahmedabad	591
6. Bombay	1,490
7. Poona	258
8. Sholapur	213
9. Surat	171
Madras Presidency.	
10. Calicut	126
11. Coimbatore	130
12. Madras	777
13. Madura	239
14. Salem	130
15. Trichinopoly	160
United Provinces.	
16. Agra	284
17. Allahabad	261
18. Bareilly	193
19. Benares	263
20. Cawnpore	487
21. Jhansi	103
22. Lucknow	387
23. Koil (Aligarh)	113
24. Meerut	169
25. Moradabad	142
26. Saharanpur	108
27. Shahjahanpur	110

Towns.	Population (In thousands).
Punjab.	
28. Amritsar	391
29. Jullandur	135
30. Lahore	671
31. Ludhiana	112
32. Multan	143
33. Rawalpindi	181
34. Sialkot	138
Bihar.	
35. Gaya	105
36. Jamshedpur	149
37. Patna	176
Central Provinces and Berar.	
38. Jubbulpore	178
39. Nagpur	302
N.-W. F. Province.	
40. Peshawar	131
Sind.	
41. Hyderabad	128
42. Karachi	359
Ajmer-Merwara.	
43. Ajmer	147
Delhi.	
44. Delhi	522 —
States and Agencies.	
45. Bangalore	248
46. Bangalore (C. & M. Station)	158
47. Baroda	153
48. Bhavnagar	103
49. Bikaner	127
50. Hyderabad	739 —
51. Indore	204
52. Jaipur	176
53. Jodhpur	127
54. Kolar Gold Fields	134
55. Lashkar	182
56. Mysore	157
57. Srinagar	208
58. Trivandrum	128

CHAPTER 8.—PRICES.

The price question is linked to the food problem at every point and in every way. When foodgrains are sold by the cultivator, either in a free market or under requisition a price has to be paid : the wholesaler charges that price together with a margin to the retailer who loads on another margin in selling to the the consumer. When Government buys, it similarly has to fix a price, both from the people it buys from, and the individuals or groups it sells to. The matter does not stop there. If the wages or dearness allowances paid to workers vary with the cost-of-living figure, it is clear that a rise of food prices will affect

the total monetary receipts of important sections of the community, and in a period of shortage, this additional money income will help to raise prices again, with a consequent necessity of a further " adjustment " of dearness allowance, and so a vicious spiral is created. The position is not even fully exhausted by an analysis of this series of events. For, the rising money allowances are reflected in the cost of the goods which the cultivator buys and he in turn claims that he is justified in charging more, because his production costs and the things which enter into *his* " cost-of-living " have gone up. It must thus be clear that the prices of foodstuffs in general, and foodgrains in particular, occupy a central place in the whole economy of the country at the present time.

2. We propose, for the purposes of adequate discussion, to draw a distinction between *price-control* and *statutory price-control*. The latter takes the form of enacting legislation prohibiting a seller from taking, or a buyer from offering, more than a given amount, or of legislation prohibiting a buyer from offering, or a seller from taking *less* than a certain amount. Though this is not of interest to us in the present situation in India, it might become so at some future date, i.e., in a time of depression. Price-control in the general sense is implied by any measure intended to influence the prices at which foodgrains are in fact bought and sold. If Government fixes priority of movements for foodgrains, or if it provides additional shipping and rail facilities for movements between different points, or if it rations the consumption, or times its buying operations on a scheduled plan, it is influencing prices and in so far as such operations are consciously intended to influence prices, price-control is being instituted.

3. It follows, therefore, that under the existing conditions in India, price-control is being exercised by Government, in practically every hole and corner of the country. The foodgrains trade is no longer free to operate as it did in pre-war days, or even as it did two years ago. The processes of acquisition, distribution and consumption are all affected by governmental activity and so it is *inevitable* that prices should be affected. Whether statutory price-control (which exists over a certain portion of India to-day) is extended or not prices ruling in foodgrain markets to-day are no longer the expression of the " laws of supply and demand " as they are conventionally understood to be. Foodgrain prices in India to-day are the *combined effect* of the forces of supply and demand and the administrative influences which are being brought to bear. We do not regard our particular task as being that of arguing whether or not price-control *should* be exercised, it exists and is being exercised. The question is whether such control as exists should be rationalised and improved and whether the process of control should be pushed further and statutory price-control be generalised.

4. Under normal conditions, with competitive transport, (i.e. rail, road and shipping) working smoothly and with the possibility that if Indian prices for wheat and rice rise above the world-level by more than the cost of transport *plus* any tariff duty that may be in force, the Indian price-structure for the leading foodgrains must be an integrated whole. Wheat in Calcutta or Bombay will sell for an amount equal to the mofussil price *plus* the cost of transport or, if the mofussil price rises above *parity* with the rest of the world, imports will penetrate even into the Punjab itself, lower prices there and establish an all-India equilibrium, with the possibility that up-country prices may be higher (by the cost of shipping wheat, say from Karachi to Lahore) than port-prices. But, at any rate, for wheat and for the more standard qualities of rice, there will be something which can be described as an all-India price, not uniform throughout the country, but a related *system of prices*.

5. This situation does not obtain in India to-day. The mere existence of transport difficulties would *not* have resulted in the present situation. Prices in Calcutta or Madras would, no doubt, have been considerably higher, but still, rising or falling prices in the producing areas would have been followed by rising or falling prices in the consuming areas on a " platform " determined by the cost of transport and the difficulties of movement. This conclusion follows *inevitably,* so long as India *remains a free trade area.* But India is no longer a free trade area. There has been substituted for it a series of " nutritional Pakistans ". In other words, *because* the control over foodgrains is exercised by Provincial and State authorities, because freedom of movement no longer obtains, the integration of Indian prices has ceased, and the level of prices in different parts of India is determined by the existence of Provincial and State frontier lines. The only way in which this state of affairs could have been avoided would have been the creation of an all-India foodgrains monopoly—an issue which we have already discussed in a previous chapter (see above chapter 6 paragraph 6) and which we cannot reargue at this place. Nevertheless, it is in our opinion not desirable that the present disparity of prices should be allowed to continue. Our conclusion is that the existing price-differentials should be narrowed. How is this to be done ?

6. A step, though possibly a relatively minor step, in this direction is the restoration of " pooled " prices for supplies. It must be obvious that if all foodgrains, bought at varying prices, are first sold to the Centre and then the acquisition price is averaged over all the purchases for purposes of resale, the resulting average must be lower for some Privinces, though it may be higher for others. Nevertheless, this very fact implies a greater approximation of prices than would have obtained otherwise. We are given to understand that the process of " pooling " is only suitable in certain cases. That may well be so : nevertheless, we desire to see this system adopted to the fullest possible extent. We do not believe that any useful purpose would be served by going into the reasons why the abandonment of " pooling " was decided upon by the Central Government after the recent Third Food Conference held in Delhi in July.

7. The above proposal will work in the direction of equality, but though the mitigation of the present degree of dispersion of prices is an important public desideratum, nevertheless it is also most important that the existing high *absolute* level of prices, particularly in the more pronouncedly deficit areas, should be corrected. In these areas prices are now so high as to impose a most serious strain on the poorer sections of the population even though higher wages and greater employment as *e.g.* in Assam, may help to alleviate matters. Indeed, even if the position in Bengal—which obviously requires special treatment—is abstracted from, the necessity of dealing with the poorer sections of the population is already leading certain Provinces, *e.g.*, the United Provinces in the direction of action which is tantamount to a differential subsidisation of food prices. We refer to this matter again below (vide para. 23 of this chapter). At this stage, it will be obvious that in general there are only two devices which lead directly to this result of lowering the average level. The first is an increase in the supply : the second is any measure which will contribute to making available supply go further. An increase in supply involves, as has been abundantly argued in this Report, not only a vigorous pursuit of the " Grow More Food " Campaign and other measures, including imports, if possible, but also a tuning up and keying up of the Procurement Machinery. Making available supply go as far as possible involves rationing and a ruthless drive against hoarding.

8. The representatives of the Eastern Provinces on our Committee have drawn our attention to the desirability of re-establishing, at as early a date as possible, a common level of rice-prices in that area. This was, in fact, the

intention of the abortive Free Trade Policy : had that experiment been allowed to " work itself out ", it would have resulted in a common level of prices. But as that level of prices would have been dominated by the very high prices being offered by buyers from Bengal, the resulting common level of prices would have been a very high one. This is clearly not what is intended. We believe that until the Bengal situation is brought under control—and in our judgment this requires very special treatment—we do not think it possible to establish a common regional price for rice. But as soon as prices in Bengal have been brought to a more reasonable level, we think that the whole question of an Eastern Regional price for rice should be at once reopened. We may add that early in 1942 an Eastern Regional Conference was held in Delhi on February 5, 1942, when the Bihar Government proposed that there should be an agreement among the Eastern Governments to secure the stabilisation and control of rice prices and to ensure the pooling of all supplies and their fair distribution. The result of these proposals was that the Central Government eventually asked for proposals for the fixation of maximum prices, although no further action was taken by the Centre. In June 1942, the Eastern Governments agreed to the fixation of maximum prices for rice, ex-mill wholesale and retail, throughout the Eastern region. The emergence of speculative influences, due to the fall of Burma, led to the prohibition of export of rice by both the Bihar and Bengal Governments and thus the disappearance of the Eastern region as a unified whole. We think, moreover, that there is good scope for a common level of prices in Bajra, Jowar and Wheat in different units in other areas of India. In such areas the diet is of more uniform nature because of the close economic relationships which exist there and we are of opinion that regional areas should be demarcated on the principle of natural markets so that agreement on price fixation can be more easily attained.

9. We now come to the fundamental issue with which this chapter is concerned : namely, whether or not the system of statutory price-control should be extended to all Provinces and States in India, and, if so, the best means of securing that such statutory prices should be properly co-ordinated. We may say at once that on this subject we did not reach complete unanimity ; nevertheless, the overwhelming majority of the Committee is strongly of opinion that statutory control over all major foodgrains should be instituted in all Provinces (and States). They also believe that control over the prices of an increasing number of non-agricultural commodities, particularly of commodities essential to the cultivator, should also be undertaken. As regards the latter point, we would draw attention to what has been said in Chapter 6 paragraph 25 above, and also what is said in later paragraph 22 of this chapter.

10. We recognise that this is a serious recommendation, perhaps the most serious one contained in this Report ; we, therefore, propose to go fully into the reasons which have prompted this decision.

11. We fully appreciate that the whole issue of statutory price-control has been gravely prejudiced in the public mind by the failure of the system of statutory wheat-prices, first imposed by the Notification of 5th December 1941 and withdrawn in virtue of the Notification of January 25th, 1943, to achieve its purpose. In its original form, the Wheat Control Order simply imposed a maximum statutory price : later, it was reinforced by control over movement of wheat (The Wheat Control Order, 1943, of 30th April 1942) and over-operations in wheat futures and wheat options (Foodgrains—Futures and Options Prohibition) Order, 1942, of May 28th. 1942. But, whether statutory Price-control is to be recommended or not, on a due balance of advantage or disadvantage, we do not think the experiences suffered in connexion with the Statutory Control of wheat-prices are sufficient to dispose of the case.

In the first place, it was an order applicable only to a *single* foodgrain. Naturally, if other foodgrains remain free to rise in price, then will be a tendency for holders of wheat not to sell, arguing that their refusal to sell must sooner or later force the price-control authorities to raise their prices, and this is, in fact, what happened.

Secondly, the sanction behind the control, viz. Movements control did not go far enough. It prohibited exports or imports without a license, but the prohibition only controlled inter-Provincial movements, or movements between a Province and a State. Not only was this difficult to enforce in certain cases, *e.g.*, Punjab States, but it was not a sufficiently powerful deterrent since it was still open to any one to buy wheat in the wheat areas (whether at the statutory price or the " black-market " rate) and *hold it in situ*. Again, by not prohibiting inter-district movement, the sanction did not apply to a sufficiently large proportion of the total supply.

Thirdly, the control did not include provision for a declaration of stocks to the Central Government. Now, it is of course true that such declaration might have been evaded, or false declarations might have been made. Nevertheless, it would have constituted an additional sanction, since the threat of requisition at the stautory price would have been a reinforcement of the control over inter-Provincial movement. On the other hand, public opinion has not been sufficiently attentive to experiences of Sind and Bihar in connexion with statutory price-control. Bihar, by controlling transport, and to some extent also supply, successfully withstood, until the inauguration of Free-Trade, the speculative pressure at the beginning of 1943.

12. Whilst, therefore, we do not regard the case for statutory price-control as disposed of by the abortive wheat Controls of 1941-42, we do not regard the alternative to statutory price-control which is recommended in certain quarters, as going far enough. This is the system of " Ceiling Prices ". This is a form of market manipulation, in which the Government abstains from purchasing when the price touches a certain figure, in the hope that its purchases are such a large proportion of the total that the price will fall below the " Ceiling " limit.

It is clear that there are certain conditions under which this policy might be very successful. If the Government were the *sole* purchaser of foodgrains, *i.e.* if all competing elements were completely extruded from the grain markets : if crops were generally good, so that marketable surpluses were generally large : if the demand situation were such that government could afford to wait, either because it possessed reserves or could command an effective flow of imports, then the policy of ceiling prices would have a reasonable chance of success, especially if the procurement agency were an official one (for a trade procurement agency is always inclined to argue that if supplies are not at once forthcoming at the ceiling or market price, it is better to tempt the holder by pushing up prices a little more). But it will be obvious that as things actually are in India to-day, the market is more a seller's market than a buyer's one and the feeling on the part of holders that they can always " beat the Government to it " by refusing to sell is a most powerful factor militating against the success of a policy of manipulation and nothing else.

13. The whole problem is, indeed, greatly affected by the views entertained as to the psychological attitude of traders and cultivators. Some six months ago the view generally held and even now entertained in some quarters is that the way to get the maximum quantity of grain is to leave the price unregulated and allow it to rise to heights which will tempt the trader and the cultivator to sell.

Now, as far as the trader is concerned, a very sudden and large rise, *if it is not expected to last,* may have this effect. But it is very doubtful indeed whether under conditions of rising prices, the average trader will not rather take the view that, if he only waits a little longer, he will make more. Under these conditions, to raise the price a little more is simply to invite a still further rise, and indeed, our trade witnesses (whatever views they may hold on the subject of statutory price-control) were unanimous in their view that it is easier to obtain offers at a time of falling rather than of rising prices. In fact, in the case of an official Bengal witness, he argued that the *removal* of price-control *increased* the difficulty of obtaining supplies. In the case of Bombay we were informed " throughout the Gujarat area and in the Satara and Belgaum Districts where there was no control of prices, the results (of procurement) are not very striking. It is not unlikely that where no ceiling-prices are fixed, there is a tendency to hold back stocks in the hope that prices may still rise further ". It is by no means obvious that, taking conditions as they are, free prices are likely to evoke a fuller supply than statutory prices. It is true that a certain section of the trade has by now become comfortably convinced that " price-control will not work " and that they have the Government completely at their mercy. It may be that the institution of statutory control, *in and of itself,* may do something to correct this impression. There have been other traders also, in other commodities, who thought that the Government were completely at the mercy of the trade : that Government would not stick to its word and all that was necessary was to agitate against the orders issued by Government. Though conditions in the piecegoods trade are widely different to those in the foodgrains trade, it does not follow that if Government once and for all abandons the habit of " following the market " that it will not obtain the supplies it wants.

14. As regards the cultivator, there is perhaps even less reason than there is in the case of the trader to suppose that rising prices will involve an automatic response in the shape of increasing supplies. The fallacy of this argument is becoming increasingly apparent. The cultivator is asked to sell his grain for *cash.* His cash needs are never very large and most of them, such as rent and land revenue, are constant, so that in fact, the higher prices rise the less grain he has to sell in order to meet his inescapable cash needs. So far as his " optional " cash needs are concerned there can never be any *confident* hope of being able to supply enough to meet *all* his requirements : it is true that his desire to sell can be stimulated by increasing the supply of consumers' goods at reasonable prices, but the supply of some commodities, owing to war conditions, can never reach his demands and purchasing capacity at constantly rising prices, *e.g.,* kerosene. If he is afraid of taking paper money, he still has the option of holding grain, which under " free " market conditions, he hopes may rise in value still more : at worst, he can consume more of his own produce. In many parts of India, too, where climatic conditions are uncertain there is an added tendency to save grain for a rainless day, or for a day of interruption of transport or even, in some parts, for fear of invasion. The conclusion is inescapable, therefore, that, under present Indian conditions, to leave prices to take their own course is not necessarily the best way of bringing on to the market the largest quantity of grain possible. This conclusion has been reached without taking into account the social consequences of rising foodgrains prices in the urban areas and upon the public mind generally.

15. There are two further difficulties which have affected the attitude of public opinion towards statutory price-control.

The first is that such control has the effect of causing movements of controlled goods towards areas where no such control obtains : it may be another Province, it may be an Indian State. This is a perfectly valid objection, so

far as it goes, but how far does it go ? The answer is surely obvious. Such movements will not occur if (a) statutory price-control is extended and (b) if there is rigid control over transport. We need not dilate upon these points which seem to us obvious.

The second difficulty is that if statutory price-control is enforced, foodgrains will be " driven underground " and the public will only be able to obtain them by paying a black-market price.

This difficulty is a very real one, and we do not underrate it. Nevertheless, some of our colleagues, who have had experience of statutory price-control, have drawn our attention to certain countervailing considerations which, if not perfectly conclusive, are at any rate not always taken account of. Let it be admitted that there will be a black-market. It does not necessarily follow, however, that the prices ruling in the black market will be higher than the prices which the consumer would have had to pay in the " free " market, assuming that there is a " free " market. The existence of statutory price-control, in other words, though it may not be able to prevent a black-market coming into existence, *exercises a certain restraint even upon the black-market itself.*

We do not necessarily regard this argument as conclusive, but as we regard a firm and undeviating drive against hoarders and black-marketeers as part of the essence of the problem of food control in India in any case, whether there is statutory price-control or not, we do not regard the existence of a black-market as a final argument against such control.

16. We now proceed to state our position in positive terms. Statutory price-control without effective sanctions is undesirable and almost certain to break down. And they must be effective sanctions. This is the truth behind the often-quoted phrase that " price-control without control over supply is impossible." But what does " control over supply " mean in connexion with statutory price-control ? It does not, in our opinion necessarily imply one hundred per cent. physical possession of the controlled commodity : although where it *does* mean this, success is certain. It is true that when statutory price control does break down, it brings the law into contempt : a disadvantage which is not shared by the system of ceiling-prices, for a change upwards in such prices, though in fact a recognition of the ineffectiveness of the previous price, does not have the same repercussion upon the public respect for law as such.

17. The *minimum* conditions for effective statutory price-control in our opinion, are as follows :—

(a) Adequate procurement machinery*,

(b) Rigorous and drastic enforcement of the Food Grains Control Order, and

(c) Effcetive control over transport.

To attain the *maximum* chance of success, statutory control also requires the existence of a Central and also of Provincial Reserves. For reasons which we have already stated at length, we regard the Central Foodgrains reserve as indispensable. In the case of the Provinces, though a Reserve will be useful, adequacy of procurement machinery must be the foundation both of rationing and price-control.

18. We now turn to the mechanism of statutory control, so far as the all-India aspect of the matter is concered. In paragraphs 6-8 above we have already insisted upon the desirability of co-relating prices and bringing down the very high prices in the Eastern region. We do not believe that the fixing of a statutory price is a matter in which the Province primarily concerned has a sole or unique interest, whether it is a surplus or a deficit province. Our desire is to restore, as far as it is possible under present conditions, an all-India

*By " adequate " in this connexion, we mean a procurement machine, which whether it consists of an official buyer, or a trade buyer on Government account, *inter alia* buys directly from the cultivator or at nearest remove to him.

system of prices. For this reason, we advance the two following propositions :—

(a) Statutory prices should not be fixed in Provincial areas without the consent of the Central Government.

We think this principle should apply both to the Provinces which already practice statutory price-control, whenever they wish to change their prices and to Provinces, which will, if our general proposals are accepted, be imposing such control for the first time. We urge this, not only on the grounds stated in the previous paragraph, but also because we think that the Centre should be satisfied that the procurement and other measures which we have cited as preliminaries to a successful statutory price-control, are adequate under the circumstances.

(b) The Centre, should have the right to suggest *changes* of prices both upwards and downwards.

It is easier to see why the Centre should have the right to suggest changes downwards than why upward changes may also be suggested. But in the case, *e.g.*, of a surplus province, a change in price upwards may be a necessary condition for securing an additional supply for some deficit area. Though consumption of foodgrains as a whole tends to be inelastic, *i.e.*, a fall of price does not necessarily cause a proportionate increase in demand, yet the consumption of a particular foodgrain *is* affected by the price at which it is sold, and a rise of price may be the easiest means of securing a change to some other and cheaper foodgrain, or a net reduction in consumption of a particular foodgrain.

19. We think that some machinery of conciliation or arbitration is desirable if disputes arise as to whether price-changes are necessary and, in any case, a periodical review of the price situation appears called for. Large advisory bodies are not very useful for this purpose : what is wanted is expertise. We therefore recommend that a small Standing Prices Committee, representative of the Centre, the Provinces (a representative of the deficit and surplus regions respectively would probably prove necessary) and States, agriculturists and the trade should be set up, which should meet at regular intervals to consider the price position. All disputes relating to price changes which may arise between the Provinces and States and the Central Government should be referred to this Standing Committee, meeting on such occasions as an *ad hoc* body, for the settlement of such matters.

20. We have already had occasion to refer to the position of the cultivator in para. 14 above. In considering the appropriate level of prices, we desire to make it clear that in our judgment that level should have reference to the position of the cultivator, as well as to the interests of the urban consumer. If general statutory price control is to be embarked upon, this matter will assume even greater importance, since a price which the cultivator will regard as inherently fair will obviously greatly assist the process of procurement and obviate the danger of refusal to sell.

It is not easy to weigh up the relative position of the cultivator and the non-cultivator, as they have been respectively affected by the changing price situation. In the accompanying table, wholesale prices for wheat and rice have been compared with wholesale prices for kerosene and cotton piecegoods, monthly averages being employed and the base being the week ending August 19, 1939. It must be borne in mind that wholesale prices for wheat and rice are higher than those received by the cultivator, whilst the prices paid by him for piecegoods and kerosene are higher than those in the table. Moreover, piecegoods and kerosene are not the only commodities which the cultivator desires to buy and rice and wheat not the only commodities he sells.

Table.*

MONTHLY AVERAGE INDEXES OF RICE, WHEAT, KEROSENE AND COTTON PIECEGOODS.

Base : (19-8-1939 = 100).

	Rice	Wheat	Kerosene	Cotton Piece-goods
1939				
September	111	117	94	105
October	117	119	107	106
November	117	135	111	107
December	114	156	111	126
1940				
January	110	148	112	127
February	114	142	117	125
March	114	140	117	123
April	117	139	117	122
May	117	131	117	121
June	121	117	117	118
July	119	125	124	115
August	128	128	124	112
September	133	133	124	110
October	133	140	124	113
November	138	153	124	116
December	140	160	124	117
1941				
January	141	157	124	119
February	138	147	126	121
March	139	146	126	127
April	146	153	131	134
May	152	140	133	135
June	163	148	133	143
July	180	158	136	109
August	170	171	136	194
September	169	193	136	190
October	171	192	136	187
November	174	203	136	194
December	172	212	140	198
1942				
January	151	199	144	190
February	158	200	144	191
March	159	202	157	193
April	169	216	167	193
May	173	206	177	199
June	207	214	177	212
July	207	224	177	242
August	218	222	177	258
September	218	223	188	282
October	218	224	194	300
November	218	232	194	339
December	218	232	194	414
1943				
January	218	252	194	415
February	218	332	194	427
March	496	312	194	437
April	634	308	194	460
May	780	323	194	505
June	951	330	198	513
July	951	346	203	493

*Note.—For a detailed explanation, see appendix II to this chapter.

The rice-wheat|kerosene-cotton piecegoods ratio moved in favour of the cultivator up to the end of 1941. The situation began to change after about June 1942, so far as piecegoods are concerned—rigid price-control of kerosene keeping that commodity more or less constant. By and large, the seller of rice gained during 1943, inspite of the uprush of cotton piecegoods prices—the seller of wheat was disadvantaged. That position began to correct itself again in July of this year, and if the control of piecegoods proves effective may alter the balance of advantage again.

For the reasons already given, these figures are by no means conclusive, and we do not build too much upon them. There is some evidence that agricultural indebtedness is being quickly reduced in some parts of the country and so long as agricultural prices remain in their present neighbourhood, the real burden of indebtedness incurred in pre-war days has been substantially reduced. Against this must be set the fact that even if the ryot's money income has risen, he cannot, under the conditions of shortage, obtain the goods he wants. These shortages affect the goods he requires *as a producer*, perhaps to an even greater extent than they do the goods he needs as a consumer.

In considering the " fair " level of prices from the standpoint of the cultivator, it must not be overlooked that he is being urged to grow more food, not only on existing lands suitable for the purpose, but also on land less suitable for the purpose, and the cost of cultivation of these lands is therefore higher. Therefore, in considering the level of foodgrains appropriate to a particular area regard should be had to (a) the cost of articles entering into the cultivators cost of production, (b) the cost of articles entering into his standard of life and (c) the cost of cultivation of marginal lands. By marginal land we mean, as already pointed out above, land of less than normal fertility, taking the average of a particular area as the standard. Though costs on such marginal lands should be taken into account, we believe that the best way of dealing with them is to give a direct subsidy to the cultivator of such lands, rather than to raise the general price-level to an extent sufficient to cover the additional costs involved. There is one aspect of the situation, however, which requires a somewhat more lengthy discussion. We have been made aware of the strong feeling which exists in some quarters that in the decade of the Depression, from 1929 to almost the outbreak of the War, the interests of the cultivator were unduly neglected, and that, in consequence, it is unfair to the cultivator to deprive him of the opportunity of being compensated by rising prices in the present for the losses which he sustained in the past.

We think it not altogether true that the grievances of the cultivator in the Depression period—the existence of which we have no desire to deny—were altogether neglected by Government. Land-revenue remissions were granted, and, so far as the wheat-grower is concerned, he was granted an import duty on wheat, the burden of which fell upon the urban consumer, including those poorly paid sections of the urban community which were in the habit of consuming wheat.

Even if these measures did not, on balance, restore the cultivators' position, we do not believe that the right procedure in the middle of a Great War and during a time of acute crisis, is to compensate the cultivator by allowing an unlimited rise of foodgrain prices. This measure would have grave anti-social consequences and, in any case, in so far as rising food-prices involve a rise in the cost of production of consumers' goods, the process is self-defeating. The only effect is a constant spiral of rising prices.

We believe the solution lies in a much closer attention being paid to the position of the cultivator at all times, and particularly in the period which is likely to follow on the high prices which prevail now and are likely to prevail until the world supply position has become more normal again, which will not be the case for some time, even after hostilities have ceased. During the present period of tension, we have elsewhere in our report urged the necessity for

increasing the supply of consumers' goods available to the cultivator. We believe that a greater measure of benefit will ensue to the cultivators by relying upon solid inducements of this character than by stressing a theory of retrospective compensation, the social and economic consequence of which are plainly undesirable in a good many ways.

21. We desire to emphasize that we have no wish to interfere with the existing system of statutory price-control in such Provinces as are at present fixing prices in this way, even if no all-India system is finally established or pending the establishment of such a system. But we believe that the existing level of such statutory prices, or any changes in such prices, should be subject to the approval of the Central Government.

22. In the first paragraph of this chapter, we have already drawn attention to the influence which rising food-prices exert upon the general level of prices, owing in the first instance to the close connexion which now exists between food-prices and the level of earnings. There is, of course, another aspect of the question. War expenditure has resulted directly in a considerable expansion of the national income in terms of money, and the additional purchasing power now procured by those engaged upon war-work or accruing to them *via* those engaged upon war-work has reacted upon the general level of prices, including the prices of foodgrains. To traverse the whole question of inflation and inflationary tendencies operative in this country at the present time, would carry us far beyond our terms of reference. Broadly speaking, inflationary tendencies are being combated at the present by two series of measures. First come measures devised to control the prices of particular commodities, such as matches and kerosene, or to control the price and increase the supply of particular commodities, such as piecegoods and those now under contemplation in relation to drugs and medicines. The second series of measures aim at reducing the flow of purchasing power generally : higher taxation and the absorption of funds in War Loan and so on. We recognise that the stabilisation of the level of food-prices is itself a powerful anti-inflationary measure, for reasons already given. At the same time, we feel that the more vigorously anti-inflationary measures generally are pursued, the easier it will be to combat the evils associated with rising food prices.

23. We have already referred previously to the policy which certain Provinces have embarked upon or propose to embark upon, of selling foodgrains at reduced or preferential prices to certain sections of the population, thus following a practice which has also been practised by certain employers' associations. The most ambitious of these schemes appears to be that of the United Provinces, (which is following a vigorous policy of procurement and intends to introduce rationing) which proposes to cover the poorest 30 per cent. of the urban population (the scheme has so far been applied to 25 towns of the Province, with four exceptions, towns with a population of half a lakh). Provision has been made for similar, though somewhat less elaborate, arrangements to be made in 24 smaller towns which are headquarters of districts. It is also being extended to cover all Railway employees in the Province, all factory employees, all Government pensioners in the 25 regulated towns and district headquarters, who are in receipt of a pension under Rs. 50 per mensem, all government and local authorities servants in the aforesaid towns, drawing less than Rs. 50 per mensem. The scheme covers over a million of the population and by the proposed additions, it will apply to very nearly two million persons.

We would observe, firstly, that such schemes are *not* an answer to the problem of rationing in general, and in so far, therefore, as the general public is still allowed to buy at will, the cost of the scheme to Government is bound to go up, since it is precisely the unlimited right of purchase which is helping to drive food-prices up. Secondly, if in every area an appreciable proportion of the population is to be helped in this way (and the obvious danger is that political pressure will work in this direction) it would be best to institute a local

Provincial grains monopoly, since to buy in the open market in order to implement such schemes is, other things being equal, a direct temptation to the trading interests to force prices up, knowing that Government's purse is long in comparison with that of the individual.

Thirdly, though a policy of subsidisation must remain a matter for the Local Governments to determine, we should strongly deprecate any attempt to use such policies as an excuse for inaction in the general fields of price-policy, rationing and procurement. Such policies should be at best a supplement to, but not a substitute for, an integrated foodgrains policy.

24. There is one aspect of the price situation which remains for discussion. It has come to our notice that at least one Province, whilst acquiring wheat from its cultivators at a certain price has been disposing of this wheat at a higher price to deficit buying areas, thus making a profit on the transaction. The specific justification put forward was that by impounding this profit, instead of allowing it to percolate through to the cultivator, an immediate anti-inflationary pressure was exercised and at the same time, a fund was built up which could be utilised for the benefit of the cultivator in the post-war period. The Food Department in its circular letter of August 19 has deprecated this practice and has laid down the principle that :—

> " No Government should attempt to make a profit on its exports of foodgrains by imposing a surcharge over the actual cost of procurement, whether with the object of subsidizing its imports of foodgrains from other areas or for any other reason whatsoever. If, however, a supplying administration considers that there are exceptional circumstances which would justify a departure from the principle laid down above, it will be open to that administration to represent its case to the Government of India ; but no surcharge should be levied in any circumstances without the prior approval of the Central Government. The Central Government will not entertain any such request unless it is satisfied that the administration concerned has effectively controlled the prices of foodgrains within its territory at a reasonably low level."

In the case of Province in question this provision has been fulfilled.

There are several issues involved. First, unless there is all-India price-control, which we recommend, as between any Provincial Government and its own cultivators we think that, provided the Provincial Government is satisfied that it is paying a reasonable price and can in fact obtain all, or more than all, that it is required to do under the Basic Plan, no outside authority should dictate a higher price than the Provincial Government itself thinks necessary.

Secondly, as between the Provincial Government and the rest of the country. So long as a Provincial Government is expected to sell foodgrains to any deficit area which itself sells foodgrains at a price, which, taking its overheads and its average buying price into account leaves it with a profit, it has no right to complain if the selling Province also makes a profit. The only effect of the selling Province not making a profit would be that the buying Province would make a still larger profit. Here it is simply a case of " pull devil, pull baker ". Thirdly, if all-India interests are considered paramount, as they should be, it is clear that if the system of pooling prices is reintroduced (as we recommend that it should be), Provinces should not sell, in general, at prices which leave them with a profit, the amount of which they themselves determine in the first instance. If profits are to be allowed, they should be subject as the Food Department rightly suggests, to the prior approval of the Central Government.

25. **Our conclusions are :—**

(i) So long as control in any form is exercised over the processes of acquisition, distribution and consumption, it is inevitable that prices should be affected. Thus, whether statutory price control is instituted or not, prices

ruling in the various markets to-day are the combined effect of the forces of supply and demand and the administrative influences which are brought to bear.

(ii) So long as control follows the political demarcations set by the existence of Provinces and States, it is inevitable that unless there is a deliberate attempt at co-ordination, prices in different parts of India will not differ merely by the cost of transport from producing to consuming area. It is desirable that the differences now existing should be narrowed.

(iii) As a step in this direction it is desirable that the system of pooled prices for imports should as far as possible be reintroduced.

(iv) The general level of prices in some of the deficit areas is now so high as to impose a serious strain on the poorer sections of the population. It is, therefore, desirable that the process of levelling should take the form of reducing these prices rather than of raising prices in the more fortunately situated Provinces. This involves not only the procurement of supplies at the lowest possible prices in the surplus areas of those Provinces where prices are high, the importation of the maximum quantities which can be secured from surplus provinces and overseas, but also that procurement, rationing and anti-hoarding measures in all areas should be keyed up.

(v) The position in Bengal is at present so abnormal that it must be subjected to special rescue operations. No attempt can or should be made to coordinate prices in adjacent areas to Bengal prices. Once prices in Bengal have been brought to a more reasonable level, the question of a regional price for rice in Eastern India should be re-opened.

(vi) Although complete unanimity has not been reached, the overwhelming majority of the Committee is very strongly of the opinion that statutory price control should be instituted for all (major) foodgrains in all provinces, and also similar control of an increasing number of non-agricultural commodities, particularly those necessary to the cultivator should be undertaken.

(vii) It is the opinion of the Committee that the minimum conditions precedent to the establishment of statutory price control are (a) adequate procurement machinery, (b) rigorous and drastic enforcement of the Foodgrains Control Order and of Anti-hoarding measures, and (c) effective control over transport. To attain the maximum chance of success, statutory price control requires the existence of a Central and also of Provincial and State reserves.

(viii) Statutory prices should not be fixed without the consent of the Central Government. The Centre should have the right to suggest changes of prices both upwards and downwards.

(ix) A small standing prices committee representative of the Centre, the Provinces and States, producers and the trade should be set up at the Centre which should meet at regular intervals to consider the price position. All disputes relating to price changes which may arise between the Provinces and States and the Central Government should be referred to this Standing Committee.

(x) In considering the level of prices of foodgrains, appropriate to a particular area regard should be had to (a) the cost of articles entering into the cultivators' cost of production, (b) cost of articles entering into his standard of life, and (c) cost of cultivation of marginal lands.

(xi) Pending the enforcement of statutory control on prices throughout India, such Provinces as desire to enforce statutory control or ceiling prices should be permitted to do so subject to the approval of the statutory or ceiling price by the Central Government.

(xii) The Committee has taken cognizance of the various measures now being actively pursued by the Government of India to combat inflationary tendencies. While recognising that the stabilisation of the level of food prices is

itself a powerful anti-inflationary measure owing to the close relation between rising food prices and the rise of other prices, nevertheless the Committee feels that the more vigorously anti-inflationary measures generally are pursued, the easier it will be to combat the evil of rising prices of food.

(xiii) The policy of selling foodgrains at reduced or preferential prices is no substitute for a policy of rationing and may even have unfavourable indirect consequences on the price-level. Such a policy should never be made a substitute for an integrated foodgrains policy.

APPENDIX I TO CHAPTER 8.

Control of prices in the Provinces (as reported in August 1943).

Name of the Province.	Form of Control: Statutory price Control or Ceiling Prices.	Articles Controlled with their Statutory or Ceiling Prices.
1. Madras	No statutory price control. Ceiling prices are maintained.	Paddy and rice ceiling prices different in different purchasing areas. Prices per Imperial maund. 1. East Godavari, West Godavari, Kistna and Guntur Districts. Paddy . Rs. 5/6 Rice . Rs. 7/11 for average sort. 2. Nellore District:— Paddy . Rs. 5/11 Rice . Rs. 8/9 for first sort. 3. Tanjore and South Arcot Districts:— Paddy . Rs. 5/4 Rice . Rs. 8/2 for first sort. Paddy . Rs. 5/2 Rice . Rs. 7/14 for second sort. Paddy . Rs. 4/8 Rice . Rs. 7/5/6 for Kuruvai, i.e., inferior sort. 4. Trichinopoly District:— Paddy . Rs. 5/8 Rice . Rs. 8/6 for first sort. Paddy . Rs. 5/4 Rice . Rs. 8/2 for second sort. Rice . Rs. 7/11/6 for Kuruvai, i.e., inferior sort.
2. Orissa .	No statutory price control, nor any ceiling prices are maintained.	
3. Sind .	Statutory price control enforced.	Maximum rates in producing areas:— 1. Wheat . Rs. 7/- 2. Paddy . Rs. 5/8 3. Ras Kangni rice Rs. 9/- 4. Parboiled rice Rs. 8/8 5. Bajra . Rs. 5/4 6. Jowar . Rs. 4/12 7. Barley . Rs. 5/4 Control has also been enforced on eggs, potatoes, salt, kerosene, bran and other fodders, standard cloth, quinine, drugs and other medicines, and paper.
4. Bengal .	Price control not yet enforced in respect of foodgrains except for wheat, atta and flour.	Ceiling prices for:— 1. Wheat . Rs. 14/4 per maund. 2. Atta . Rs. -/7/- per seer. 3. Flour . Rs. -/8/- per seer.
5. U. P. .	No statutory price control. Ceiling prices have been fixed.	1. Wheat Rs. 14/- per maund. 2. Gram . Rs. 11/- ,, 3. Barley . Rs. 10/- ,, 4. Peas . Rs. 10/8 ,, Statutory maximum prices have been fixed for Kerosene oil, salt, matches and coal also.

Name of the Province.	Form of Control: Statutory price Control or Ceiling Prices.	Articles controlled with their Statutory or Ceiling Prices.
6. N.W.F.P.	No statutory price control in existence nor any ceiling prices maintained.	—— —— —— ——
7. Bihar .	Statutory price control on foodgrains removed on 18-5-43. No ceiling prices fixed yet.	The ceiling purchase prices in May and June, 1943 were :- 1. Rice . Rs. 20/- per maund. 2. Wheat . Rs. 16/- „ 3. Gram . Rs. 13/4 „
8. Bombay	Statutory price control except in Surat, Broach, Belgaum and Satara districts.	Prices per Bengal maund. 1. *Rice.*—Ahmedabad Rs. 10/8 Kaira Rs. 8/9 Sholapur Rs. 7/13/3 Thana Rs. 10/13 Ratnagiri Rs. 12/12 2. *Jowar.*—Ahmednagar Rs. 7/10/8 East Khandesh Rs. 9/3/9 West Khandesh Rs. 7/7 Sholapur Rs. 6/6/8 Bijapur Rs. 10/15/6 Ratnagiri Rs. 11/13 3. *Bajra.*—Ahmednagar Rs. 8/5/4 East Khandesh Rs. 9/12 West Khandesh Rs. 8/13 Nasik Rs. 8/1/3 Sholapur Rs. 6/7/8 Bijapur Rs. 7/9/10 Ratnagiri Rs. 10/14 4. For *Bajra and Jowar* Bombay City controlled rates are: Bajra . Rs. 7/9/6 Jowar . Rs. 10/8 5. *Rice* and *Wheat* are sold by authorized dealers in Bombay at controlled rates. The rates are:— Rice Special . . . Rs. 49/- Rice first sort . . . Rs. 24/- Rice second sort . . . Rs. 11/8 Wheat . . . . Rs. 12/1
9. Assam .	No statutory price control or ceiling prices for any foodgrains.	—— —— —— ——
10. C. P. .	Price control as well as ceiling prices for certain grains maintained. Supplies bought by the Government at ceiling prices are sold through control shops.	Latest procurement ceilings are as follows:— 1. *Rice* at Raipur Coarse quality Rs. 9/12 Medium quality Rs. 9/15 } ex-mill delivery. 2. *Wheat* at Raipur Rs. 12/8 ex-ganj. 3. *Juar* in Berar Rs. 7/8 ex-ganj.
11. Punjab	No statutory price control of any foodgrains. Ceiling prices for grains for export fixed from time to time.	August 1943 ceiling price for wheat for export is Rs. 10/4 per maund F. O. R. station of despatch.

APPENDIX II TO CHAPTER 8.

Description of the varieties of Rice, Wheat, Kerosene and Cotton Piecegoods included in the Table on p. 88.

I. *RICE*—two varieties

(1) Kalma Ordinary .. .. .. CALCUTTA

(2) Rangoon Small Mills .. .. .. CALCUTTA

Note.—About the beginning of May 1942 *Rangoon Small Mills* went out of the market and since no suitable substitute could be found, the figure for rice had to be estimated on the basis of the price of the indigenous variety.

In the case of *Kalma Ordinary* the control rate was used upto the middle of March 1943.

II. *WHEAT*—two varieties

(1) Punjab white (5 per cent. barley, 3 per cent. dirt and 30 per cent. red) .. .. Karachi.

(2) White (1½ per cent. dirt, 2 per cent. barley) .. Lyallpur.

Karachi quotations represent controlled prices from the beginning of 1943.

Lyallpur quotations were controlled prices from the beginning of December 1941 to the third week of January 1943.

III. *KEROSENE*—two varieties

(1) Chukker Brand (in bulk) } up to 3rd week of May 1943 and in
(2) Victoria Brand (in bulk) } tins since that week.

IV. *COTTON PIECEGOODS*—Seven varieties.

The following varieties are included :—

Indigenous—

(1) Grey shirting, Appollo Mill, Pyala 3625, 35 × 38 × 9 .. Bombay.

(2) Grey Dhoties, Ahmedabad Advance 1940 Bull (N.B.) 40 × 10 × 2 —7|8 .. .. Bombay.

(3) Grey Dhoties, Indian Manufacturing, 1899, Lady at Toilet 44 × 10 × 1—11|16 .. .. Bombay.

(4) Grey Standard Shirting—38 yards .. .. Bombay.

Imported—

(5) Grey Japanese Shirting " Bow and Arrow " 44" × 46 .. Bombay.

(6) Bleached English Shirting D. I. 34½"|35" × 40 .. Bombay.

(7) Bleached English Mulls 66666—49" × 20 .. .. Bombay.

Of the above, item (5) ceased to be available as from the beginning of March 1941, item (6) as from the middle of June 1942 and item (7) as from the middle of August 1942 but the percentage figures for the whole group are estimated from the remaining items.

N.B.—The final index figures shown against each commodity in the table are the geometric averages of the corresponding figures for the individual varieties included under each head.

CHAPTER 9.—THE " BASIC PLAN "

1. Much confusion exists in the public mind as to the nature of the so-called " Basic Plan " and from the constant re-iteration of the charge that the Basic Plan has " failed ". We feel it necessary therefore to examine this matter closely with the two-fold object of removing unnecessary misunderstanding and for suggesting changes in procedure.

2. It is necessary, first, to draw a sharp line of distinction between Procurement operations and those administrative processes which centre round the Basic Plan. Procurement implies the physical acquisition of defined quantities of foodgrains in given areas, either for consumption in those areas or for consumption elsewhere. These physical quantities can, of course, only be obtained in the places where they are produced, but the determination of where they are to be consumed, and in what quantities, is not part of the Procurement process in the physical sense at all. Decisions as to *where* certain foodstuffs are to go, and in *what* quantities, involve prior knowledge of *what* is available and *where* need exists, and on what principles the amounts available are to be distributed. It is with these issues that the Basic Plan is concerned.

3. If all the food grown in India were concentrated in one part of it, and the rest of the country (imports from abroad apart) drew its supplies from that part, the drawing up of a Basic Plan would be relatively easy so far as the principle of the matter was concerned. The " surplus " involved would be the excess of the output in the area in question over its local consumption, and the " deficit " involved would be the entire consumption of the rest of the country. The " surplus " could be accurately estimated only if the total output and the total consumption in the area growing the food were known with certainty, and even then disputes could arise as to precisely how much each separate part of India should be allowed to get in comparison with all the other parts.

4. The actual situation is, of course, much more complicated. Different varieties of foodgrains are grown in different quantities in different parts of India and come on to the market in varying proportions (as compared to output) at varying times of the year. It follows even if the output and consumption of every crop were known with certainty, that allocation would prove a highly difficult matter, since some Provinces and States would be found with a surplus of one crop, a deficit in another and some Provinces and States might be surplus in all crops, others, again deficit in all.

5. But, of course, the supposition that output and consumption figures are known with certainty is entirely untrue. We have already discussed at length in a previous chapter the defects in the statistical information available so far as crop-production is concerned. Consumption figures are not known at all, since there are no figures of the carry-over in existence at the beginning of every crop period, or the carry-over still available at the end of every crop period. If we could assume that the carry-over were constant, consumption would be equal, in every crop-period, to output *plus* initial carry-over *less* amount of final carry-over, *less* amount required for seed, or, in other words, to output *less* amount required for seed *plus* any overseas imports (if any), less exports overseas (if any). This assumption of constant carry-over is, of course, highly questionable, since in years of good crops the carry-over is added to, and in years of bad crops, is eaten into. It is possible to estimate what consumption might be,* but the whole matter is conjectural to the very highest degree.

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*Estimates of *per capita* consumption for various areas (based on imports, exports and production) will be found at page 388 of the Report on the Marketing of Wheat in India and at page 534 of the Report on the Marketing of Rice in India and Burma but they relate to different dates.

6. To sum up, quite apart from the errors which may result from the *actual* procedure employed in the determination of the *net* surplus or deficit position, there are such gaps and deficiencies in the basic figures that any result is bound to be problematical. Moreover, even if the basic facts were known with absolute certainty, which, we repeat, they are very far from being known, the figures themselves would require constant revision, owing to changes in the bounty of nature, and changes in the size of the population, both taking India as a whole, and taking each Province and State as a separate entity.

7. Every effort should be made, through the improvement of production figures and through studies which will enable consumption to be more accurately estimated to arrive at a state of affairs which will no longer involve the degree of uncertainty at present prevailing. It will, of course, be obvious that in so far as rationing is introduced, it will enable consumption figures to be determined with complete accuracy in the areas in which it is applied. As an immediate step, however, we recommend that the stock-taking which was originally contemplated as taking place *once* a year, should be bi-annual : in other words, that the position of surplus and deficit be estimated at the time of the forthcoming Rabi and the time of the forthcoming Kharif. In the interim period, the figures of the basic plan should be kept continuously under review, with the object of securing as accurate a picture as possible at the beginning of each six-monthly period.

8. The method originally employed by the Food Department in determining the state of surplus or deficit in regard to each crop and area, and in determining the aggregate state of surplus or deficiency is based upon the following reasoning. A given province has in the past had crops of a certain order of magnitude. Neglecting carry-over, the amount *available for consumption* in that province was its own production *plus* its imports from *all* sources or *less* its exports to *all* destinations. In the case of a deficit province, its *current deficit* is given by the extent to which its *current* crops fall short of the " amount available for consumption " as defined above. In the case of a surplus province, its normal " amount available for consumption " was production less exports. Its *current* surplus is current production *less* this normal " amount available for consumption ".

9. The actual formula which the Provinces were asked to employ was as follows :—

" The annual requirements of each foodgrain of a Province should not exceed the lowest figure during the three years immediately preceding the War, calculated to the following formula, *namely,* production *plus* or *minus* net imports or exports—any modification required towards a higher figure due to any factors of appreciable weight which distinguish the present from the previous conditions being fully justified. On this basis, the exportable surplus or the deficit of each Province for each foodgrain during the current year would be the difference between the annual requirements calculated as above and the estimates of the current year's production of that foodgrain such estimates being also calculated according to the accepted practice in each area ".

In the correspondence with the Chairman of this Committee, the Food Department explained that in " actual fact in devising their basic plan, the Food Department modified the formula to the extent indicated below :—

The annual requirements of *each foodgrain* of a Province were calculated as being the amount of that foodgrain required in the Province during that one of the three years immediately preceding the War in which the total requirements of *all* foodgrains in the Province were the lowest." Giving evidence before the Committee the Secretary of the Food Department said :—

" We took the figures of the three pre-war years. We applied to them the known factors of exports and imports in so far as the statistics were available.

We so arrived at the aggregates of all foodgrains available to each Province and State in each of these three years. We took the lowest aggregate figure of these three years and accepted that as the minimum necessary. None had experienced shortage at that time. We invited the Provinces and States to accept such formula and to calculate for themselves such figures, and to set against them their production figures and so by this means determining whether they had a surplus or were in deficit. Practically all those from whom surpluses were expected did not agree although the deficit areas mostly accepted the formula. The former preferred to follow other calculations that reflected their cases more favourably."

The figures, when they were finally arrived at, showed a gap of great magnitude between the aggregates of the surpluses and the deficits. It was finally decided to " resolve this matter by the Central Government but at a high level. The Food Department placed its figures before the Executive Council and received orders."

10. It should be obvious that this method of calculating current surpluses and deficits can yield only an approximation to absolute truth.

Firstly, the Food Department allowed itself to be quite unduly alarmed by the existence of a " gap ". There is absolutely no reason to assume that in the past, when there was no food crisis in any part of India, this method of calculation would have resulted in the sum of the current surpluses being equal to the sum of the deficits, *i.e.*, that there would have been no gap to be bridged. Now, it is of course true that the exports of one area constitute the imports of another and must be equal if properly recorded. And it is also true that, neglecting changes in population and carry-over *if Indian crop figures were perfectly accurate*, the normal amount available for consumption would be known with certainty. Then if, say, a fall in current production is compared with the " normal amount available for consumption ", the current surplus or deficit would also be known with certainty. But, Indian crop figures are notoriously not correct, and consequently the normal " amount available for consumption " is also not correct. Therefore, when an incorrect magnitude drawn from the past (*i.e.*, normal amount available for consumption) is compared with an incorrect magnitude drawn from the present (*i.e.*, current production), the resultant difference, whether positive or negative, (*i.e.*, surplus or deficit) need not be correct either, nor need the sum of these differences, when aggregated, be equal. Given that actual imports and exports (including imports and exports overseas) were fully known, and were actual figures of production available, and assuming that within the period comprehended everything produced was also consumed, then there would be equality between production and consumption, and so also between surpluses and deficits, for surpluses and deficits are only residuals, *i.e.*, the difference between local production and consumption in one direction or the other. As things actually are, the absolute size of the surpluses and deficits and the existence of a " gap " are simply *inter alia* partial measures of the extent to which production figures in all parts of India are defective. No absolute validity attaches to such figures.

Secondly, it will be noticed that, *in practice*, the calculated deficits and surpluses are *not* based on a uniform system of accounting. It is surely clear that even if, in other respects, the formula adopted was free from error, different methods of calculations *simultaneously applied* will lead to erroneous results.

Thirdly, the formula is only very indirectly related to " need " in the real sense of the term. Assume a province with constant production but with a growing population. In the past, this would have resulted in growing imports in order to meet a growing deficit. But if the figures of past imports

are added to past production, and compared with current production, the " calculated " deficit might considerably underestimate the " true " deficit.

Fourthly, the figures of imports and exports are themselves defective in so far as movements by road and country boats are not included and these may be significantly large. Again, these figures relate to trade blocks and the production figures to provincial areas. These do not necessarily coincide.

Fifthly, the original Formula suffered from the defect that amalgamating the lowest figure of each foodgrain in any three pre-war years overlooked the possibility that in each of those years, the deficiency in the one foodgrain might be made up by an increase in any or all of the others. The amended original Formula (*i.e.*, the one actually employed) assumes that in the year when total production of all foodgrains $\frac{plus \text{ imports}}{minus \text{ exports}}$ was at a minimum, the resulting figure truly represented total requirements on an austerity basis. But a heavier draft might have been made on carry-over and the actual total consumption might not have varied by anything like as much as the total so calculated.

11. The preceding discussion points inexorably to two conclusions. Firstly, the formula, even if amended, cannot state with any precision in absolute terms of so many million tons of foodgrains, the surpluses and deficits of the Provinces and States of India. That being so, the possible existence of a " gap " of a certain amount between the total surpluses and deficits possesses no more valid objectivity than the absolute figures from which it is derived.

12. We do not suggest that, faced with an immediate and urgent situation, the Food Department could have avoided the use of a formula not greatly different from the one actually employed, though in detail it might have been modified. But the present question is : Is it worth while amending the formula at all or should it be dropped ? This seems to us impossible, for negotiations as to quantities must have some basis, even if that basis leaves much to be desired. And the formula, *if uniformly applied* and *suitably corrected,* has the merit of affording an indication of the relative order of magnitude of surpluses and deficits. Just as Indian crop-statistics, give a poor indication of absolute amounts, but enable, nevertheless, relative changes over a period of years to be fairly accurately stated, so the consistent use of the formula enables inter-Provincial and State comparisons to be made, though the absolute amounts may be over or under stated.

13. We recommend that the following formula be adopted in place of the one hitherto employed.

Normal consumption requirements should be taken as the average of the estimated harvests of all the foodgrains over a five-year period ending 31st March 1942 *plus*|*minus* the average imports|exports of the same period. Surpluses and deficits should be calculated on the basis of normal consumption thus determined compared with the estimates of the forthcoming year's|half year's production of all foodgrains. The choice of the five-year period ending 1942 is based upon the desirability of bringing the five-year average to as near a point in time to the current calculation as possible. We take the view that no serious disturbance had occurred in the supply and distribution of foodgrains by the end of the period to which these averages relate.

14. The representative of Bihar upon the Committee has urged upon us the view that in the light of the unsatisfactory production statistics characteristic of certain portions of the Eastern Region of India, the figure which should be taken as representative of the current deficit or surplus should be the net average figure of imports or exports appropriate to the Province in question. We are unable to accept this view. Firstly, it would obviously destroy unity of procedure. In the second place, it is clear that in years of good harvests ever though the absolute magnitude may not be accurately known) a figure

of average imports or exports would under-rate the size of the surplus or exaggerate the size of the deficit. In view of the all-India shortage, it is clear that it is undesirable to complicate the problem of allocation by use of statistical methods which are clearly inadequate and therefore leave a wide margin open for debate.

15. It will be clear from what we have said that we regard even the suggested revised formula as being far from perfect. We therefore urge that the Food Department should study most anxiously the possibility of improving upon the formula. But it is necessary to premise that any formula which may be devised should be capable, technically, of being applied to every administrative area in India. The statistical monstrosity of combining, in one aggregate result, quantities derived by different methods, should forthwith cease.

16. But even more important is another conclusion to which we are driven. The bi-annual stock-takings which we have recommended must necessarily operate with defective and conjectural figures. It follows that one of the most important functions of the Food Department must be to keep the figures underlying the Basic Plan continuously under review. Formal adherence to statistical and accounting procedures is no adequate substitute for the day-to-day statistical and intelligence work to which we refer in our chapter on the Food Department.

17. The study and adjustment of the figures of the Basic Plan are not ends in themselves : they are preliminary and subordinate to the main task, which is to secure the maximum social welfare in the distribution of what is available. This process—which involves mutual give-and-take and a willingness to incur sacrifices for the benefit of India as a whole—requires some discussion of the degree to which the principle of " Equality of sacrifice " can in practice be attained.

18. We are unanimously of the opinion that any attempt to apply rationing in any strict, technical sense to the rural areas of India is hopelessly impracticable. The utmost that could be achieved could be to apply to rural districts the principle of an aggregate quota and to attempt to secure that supplies over and above this amount should be made available for the sustenance of the urban population. But we must not be implied as meaning that even the determination of an aggregate quota could possibly imply any significant lowering of the rural standard of consumption. The reason for this is surely very clear. It is impossible to raise the volume of food production in India if the producer, already suffering from a shortage of producers' and consumers' goods, is to have his generally not too high volume of personal consumption reduced. The only effect at any such attempt would be a reduction in the ryot's willingness to produce.

19. Similarly, it will not in practice prove possible to reduce *per capita* consumption in the urban areas of India to one uniform dead level. Subject to these limitations, however, the principle to be adopted is sufficiently clear. The position of different Provinces and States, in aggregate terms of percentage of deficiency differs very greatly. Under these circumstances, it is surely common sense to attempt, in the first instance, to endeavour to allot the available resources in such a way as to bring the most seriously deficient areas somewhat nearer to the general over-all average of deficiency. To attempt to distribute available supplies on the principle of giving every body a pinch of what is available is simply to dissipate scarce resources. We are, of course, aware of the circumstance that deficiencies and surpluses when individual foodcrops are concerned, may differ even more markedly than general averages. There is room here, given a spirit of mutual self-help and a desire to secure the maximum well-being for a good deal of inter-provincial adjustments and transfer.

20. We, therefore, sum up our recommendations as follows :—

(i) The Basic Plan, is concerned with that aspect of the general problem of Enforcement which involves a determination, first, of the magnitude of the aggregate surplus of foodgrains available in certain Provinces and States and second, with the magnitude of the aggregate deficit of foodgrains in other Provinces and States, and with the assistance which surplus areas can give to deficit areas. Since production naturally varies from time to time, no " failure " of the Basic Plan is involved in a readjustment of the figures from time to time. Such readjustment is, indeed, absolutely necessary.

(ii) In the view of the Committee, there should, within any one calendar year, be two dates at which stock should be taken of the situation. The first of these dates should be in the month of April, the other in the month of November. The figures of the Basic Plan should be kept continuously under review of the intervening period with the object of securing as accurate a picture as possible at the beginning of each accounting period.

(iii) In view of the known defects of the statistical information available, the figures of production, stocks, surpluses and deficits must contain a large element of conjecture. This situation cannot be remedied by a mere change of formula. Provided that all the Provinces use a uniform procedure, it is probable that any formula which takes account of the more fundamental facts will range the provinces in the same order, as regards the magnitude of their deficits. Even if all Provinces overstate their deficits to the same extent, this will result only in an exaggeration of the absolute figures, but probably not of the relative position of each as compared with the others.

(iv) In place of the formula hitherto employed, the Committee recommends that the following formula be adopted : Normal consumption requirements should be taken as the average of the estimated harvests of all the foodgrains over a five-year period ending 31st March 1942 plus|minus the average imports|exports of the same period Surpluses and deficits should be calculated on the basis of normal consumption thus determined compared with the estimates of the forthcoming year's|half year's production of all foodgrains. But the study of more appropriate formula should be continuously undertaken by the Food Department. No formula should be employed which is not capable of extension, to any part of India.

(v) It is impossible under Indian conditions to achieve a complete equality of sacrifice between the urban and rural population or between one portion of the country and another : the objective must be to reduce existing inequalities to the greatest practicable extent. This implies that it is not desirable, when allocating amounts to deficit Provinces, that each Province should be entitled to reduce its deficit by an equal percentage amount. Provinces which show the highest percentage deficit (subject, of course, to adequate scrutiny) must receive priority until their deficit is brought nearer (in percentage amount) to the average all-India figure.

CHAPTER 10.—FOOD DEPARTMENT.

1. Organisation and function cannot, or at least, should not, be dissociated from one another. The certain consequences of an organisation which does not adequately reflect the function it is intended to subserve is, at the least, muddle, confusion and delay : at the worst, breakdown. Similarly, the functions of a department involve, not only the appropriate organisation, but also the right kind of individuals to execute those functions. Because of the urgency of the task implied in Food Administration, we have felt it our duty to consider in what respects the existing organisation of the Food Department should be modified, in order to carry out most successfully the functions which we think should be entrusted to it.

2. The existing organisation of the Food Department is laid down in an Office Memorandum, No. A-54(3), issued by the Food Department and dated the 21st May 1943. By virtue of this Memorandum, the Department was divided into two halves, *viz.* : The Secretariat which " will perform the duties, functions and responsibilities normal to a Department of the Central Government in accordance with the Rules of Business " and a Directorate-General, Food, which under the guidance of a Director-General and three Deputy Directors-General was to be in charge of the following functions :

" (a) procurement of the seven major foodgrains (wheat, rice, barley, gram, maize, jowar and bajra) and distribution for civil needs and supply against Defence Services requirements of grains or grain products :

(b) procurement and supply of foodstuffs for the Defence Services against Q.M.G.'s indents."

3. Without attempting to go into detail, it may be explained that " procurement and supply of foodstuffs " in (b) above, covers a very large variety of enterprises and activities, of great importance naturally in relation to the provisioning of the Defence Services but outside the main stream of activities so far as the Indian public as a whole is concerned. It may be mentioned in this connection that the Sugar Controller and his Office have become part of the organisation of the Food Department, though (it would appear, somewhat illogically) the sugar Controller does not form part of the Directorate-General, Food.

4. The Secretariat side of the Food Department, functioning under the general supervision of the Secretary, is divided into a number of separate branches, concerned with Administration, Sugar and Salt, Licensing and Processed Food, Co-ordination (including Rationing and Publicity and Propaganda, operation of Control Order), Foodgrain Branch and Statistical Branch. Attached to the Secretariat also is an Adviser on Food Rationing.

5. We were informed by the Secretary, Food Department, that " It is the Secretariat, the Department of the Government of India, that lays down policy and decides what will be done and it is for the Executive Branch to carry it through. I may add that we operate on the joint file system. We have common files with both sides of the House and we, therefore, do not write except on a file. The second point is that it has been my endeavour ever since this Department started.....that in our Department much of the work is disposed of by personal discussion, thereby reducing the paper consumption to the very barest minimum. We never dream of writing to the Finance Department. We work out our proposals and get sanction by personal discussion. That is how business is done."

6. The work of the Department had been hampered in the past by the fact that though there was a Directorate-General of Food, the post of Director-General remained vacant for an interval of time, thus throwing a double burden upon the Secretary during this critical period. Moreover, practical experience had revealed that it was necessary to strengthen the Department in various respects : " instead of merely having a Statistical Section in the Department we must expand it to have an Intelligence and Statistical Branch " : it was necessary to have a Movements Officer and it was desirable to have " sufficient strength to permit officers from the Centre to visit the Provinces and States and do far more in the settlement of problems by personal discussions on the spot and not so much by writing."

7. Before passing on to state our own views on the Organisation of the Department, we must make it clear that we do not wish to be understood as implying any criticism upon the officers of the Department, who have been working under very great strain. The Food Department, started in the Fourth

year of the War, had special difficulties in recruiting any reasonably adequate staff, both in numbers and competence. By this stage, the recruitment field, both Indian and British, had been already become substantially drained by the all-embracing character of the War demands. We are concerned, not with criticism, but with the task of making the Department as useful as we can to the public. As regards the task of physical procurement, which is popularly, but erroneously, taken as sole test of the efficiency of the working of the Department, we may point out that the total of foodgrains purchased by or for the Central Government from December 1942 to August 2, 1943, amounted to over 975,000 tons.

8. If our recommendations are accepted, the task of *physical* procurement of foodgrains will no longer fall upon the Central Government, unless of course, the Provincial Procurement Machinery fails to function adequately, in which case the Central Government must, perforce, undertake the task, if it is unable finally to improve the machinery of procurement elsewhere. The elimination of this task of physical procurement does not mean, of course, that the Central Government will not require a supply of foodgrains of its own. We have already pointed to the necessity for the creation of a Central Reserve and the Defence Services will continue to require foodgrains. Moreover, the other procurement operations, *i.e.*, those connected with production and acquisition of foods other than foodgrains, will continue to function. But the fact that physical procurement of foodgrains will no longer be a direct Central activity, diminishes greatly the importance of the Executive side of the Food Department, and increases the importance of the " Other side of the House ". With a shifting of emphasis, we think that there should be a change of organisation, and this change of organisation we are about to describe.

9. First and foremost among the duties of any Department must be the formulation and initiation of Policy. But though a Department may formulate a policy, it is not entirely autonomous in the sense that it can neglect the views of other Departments. Its Member must obtain the assent of his colleagues in Council and must defend the policy before, and secure its acceptance, by the Legislature.

10. Since the direction which the day-to-day activities of any Department take hinge on policy, it is clear that the formulation of policy is, in one sense, the most critical of the functions of a Department. But policy is useless unless adequately carried out. In the light of the discussion of previous chapters as to Procurement, Rationing, the Basic Plan, and in view of the gaps revealed by experience in the day-to-day working of the Food Department, we suggest that the most important functions of the Food Department can be defined as :—

(i) Policy in its day-to-day aspects, *i.e.*, relations with other departments, Council, the Legislature.

(ii) Intelligence and Statistics.

(iii) The day-to-day study of the Basic Plan.

(iv) Enforcement—*i.e.*, Review and Improvement of the entire Foodgrains Administration of the Provinces and States, in particular, Physical Procurement, Rationing, Anti-hoarding measures, the Foodgrains Control Order.

(v) Movement—*i.e.*, Physical transport whether by sea or land.

(vi) Executive—*i.e.*, The administration of the Central Foodgrains Reserve, Sugar Control and the procurement and management of foods other than foodgrains on behalf of Q.M.G. or other Central Government Departments.

(vii) Publicity.

(viii) Establishment and Finance.

11. We need hardly repeat again the importance we attach to the formulation of a consistent policy, but this is, in reality, self-evident. In the following paragraphs we concentrate our attention upon the other aspects of the situation.

12. If we place Intelligence and Statistics at the very head of the Executive functions it is because we hold the view that absence of intimate contact with all phases of the food situation has been one of the main factors, if not the main factor, producing the present crisis. We mean by Intelligence and Statistics something much wider and more far-reaching than the receipt of official information and the collation of trade and official statistics. The Officer-in-charge should be familiar with trade practices, should know the leading personalities and the principal markets, and should be able to interpret market rumour and gossip as well as official reports and statistical data. In a word, this post calls for a combination of qualifications and calls for an individual of very high quality. He should, if possible, be drawn from the trade itself and keep himself in constant touch with it.

13. In our chapter on the Basic Plan, we hope to have made it clear that the six-monthly "stock-taking", which we recommend, cannot take the place of continuous study and adjustment of the plan itself. In practical terms, this means on the one hand a constant process of watching the statistical and other data available : on the other hand, a constant process of shifting supplies as need arises and supplies become available. Thus the Officer-in-charge of the Basic Plan would have to be in the closest touch with the Intelligence and Statistics Sections, with the Provinces and States, and, as will be clear from what we say below as regards Enforcement, with the Officer-in-charge of this activity.

14. Enforcement, in the sense in which we use the term, is vital to the solution of the food problem in India. The vastness of the country and the multiplicity of administrative units involved make it desirable that there should be a common centre of guidance, inspiration, advice and, if necessary, admonition. At present, we believe that the Centre does not adequately know what is being done by the Provinces and States, and these do not know individually what is being done by the others. It may not, indeed, in all probability, it will not be possible or even desirable to impose an absolutely uniform pattern of administration all over India : but it should and must be made possible for all the administrations concerned to be kept constantly in touch with the changing facts of the situation by means of contact with the Centre. They should be encouraged to seek guidance and advice : conversely, the Centre should be constantly studying the standards of performance in every part of the country and should be in a position to make the necessary suggestions for effecting improvement. Without such intimate contacts, which we are afraid, exist only partially at the present time, if they exist at all, the danger of one-sided and incomplete performance cannot be overcome. We discuss the *general* question of the relations between the Provinces and the Centre in another chapter.

15. Even if food is available in surplus quantities, it will not avail unless it can be transported. A great strain is being thrown by the War on the Indian transport system and, as the introduction of rationing will add to the urgency of securing *regular* supply, it seems to us indispensable that Movement should be in charge of a Special Officer. There are other issues also, *e.g.*, storage and the use of alternative routes which are of great importance. As we have already pointed out, the need for such an officer has been recognised by the Food Department.

16. There is no necessity to stress the immense importance which publicity has acquired in connexion with every aspect of the War. We have received evidence from an English expert on the importance which the British Food Ministry attaches to adequate publicity and we are convinced that adequate publicity must be one of the main pillars of the administration of the Food Department, especially when rationing is introduced on a large scale. We do not mean mere exhortation or the wholesale broadcasting of "slogans" of one kind or another, which may or may not prove suitable for particular localities. One of the most important matters which we have in mind is the dissipation of rumour, the parent of panic, by the dissemination of fact. There is no question in all this of supplanting the existing organs of publicity, but we are convinced that they need supplementing and need guidance from the Food Department itself. There is need, therefore, for an officer to be in charge of this matter.

17. The other functions with which the Food Department is concerned do not call for any comment at this stage, though we do not wish to minimize their importance in any way. We hope that we have said enough to make it clear that we hold two convictions very strongly.

18. The first is that the work of the Food Department calls for team-work of the very highest kind. We do not mean that officers should "sit in one's anothers' pockets" or that there should not be a defined sphere of influence for every responsible officer. But we *do* mean that the work of the Department calls for intimate understanding by each of the work of all; the greatest degree of willing co-operation and the least measure of waste of time in working at cross-purpose. To achieve all this, a great deal of personal contact is necessary and the spirit of understanding and co-operation must be consciously built up.

For these reasons, we believe that the Directorate-General, Food Department, should cease to function as a separate entity and that the "two sides of the House" should be amalgamated. We further believe that the Officers-in-charge of the various branches dealing with the principal functions which we have outlined should constitute a Food Board under the Chairmanship of the Secretary, meeting daily as a matter of routine and for *ad hoc* purposes as occasion demands. We desire the Board to be a reality and not a polite fiction, because it is by this means, and this means alone, in our opinion, that the team-spirit can be properly nourished. If the work of the Food Department is in some respects analogous to that of any other Department of State, in others it resembles more closely that of a great business. We regard the hierarchical spirit of an ordinary Department of State as unsuitable to the needs of the Food Department at the present juncture.

19. We have carefully considered a proposal put before us as an alternative to the Board which we recommend. This proposal was to the effect that there should be interposed between the Food Department and the Honourable the Food Member a statutory Commission, charged with the framing of policy and the task of general supervision, but not forming part of the normal machinery of the Department and chosen from experts in various branches of the trade in foodgrains.

We do not think a Statutory Commission, not charged with specific duties, could function well. It appears to us that to frame policy effectively, it is necessary to have knowledge of the *detail*, upon an intimate understanding of which alone policy can be effectively based. Thus there is either the danger of policy being based upon insufficient knowledge, or of the Commission in effect becoming caught-up in the clogs of administration, which would result either in duplication or in additional risk of conflict as to respective spheres of authority.

Moreover, we think it impossible, constitutionally, for the Member-in-charge of the Department to abrogate his responsibility as a member of Council and to accept without question the *fiat* of a Commission as to what policy *ought* to be. No one with a sense of responsibility can be asked to defend before the Legislature or in Council a policy which may not, in effect, be his. And, if such a Commission were constituted, it is almost certain that other interests, *e.g.*, the agriculturists, would demand representation upon it. For these reasons we prefer the suggestion of the Board which we have put forward in the previous paragraph.

20. The second of the two convictions which we have formed is that an important place should be found within the Food Department for experts drawn from the trade itself. We are aware that the Department commands the services of experts in various connexions, but we are anxious that the principle should be given public expression to in the Constitution of the Board itself. Some of the functions to which we have referred cannot, in our opinion, be efficiently carried out without that detailed experience of business and trade which the officer drawn from the administrative cadre generally cannot command.

21. There is a second direction in which a call upon business experience can and should be made. Many men of great experience will not find themselves able to place their full-time services at the disposal of Government, but would gladly welcome an opportunity of serving their country at a time like the present. Large advisory bodies, which can only be called at infrequent intervals, tend to degenerate into mere debating societies. But an expert panel, which could be consulted individually or collectively on important issues only, might be of great assistance whilst policy was under discussion. We accordingly suggest the appointment of an expert Panel of not more than six members ; the trade experts who are also members of the Advisory Committee on Prices should be included in this number.

22. There are certain matters of administration in which the Provinces and States are interested equally with the Centre. The system of Regional Food Commissionerships is one of these matters and we accordingly make some recommendations in this regard at another place.

23. **We accordingly recommend :—**

(i) The existing division of the Food Department into a Secretariat Branch and a Directorate-General of Food Branch no longer corresponds to the necessities of the situation. If the recommendations of this report are accepted, the main work of the Food Department in future will not be physical procurement but continuous supervision of the Basic Plan, Enforcement (i e supervision of the Procurement and Rationing operations of the Provinces, including the operation of the Foodgrains Control Order), Intelligence and Statistics, Movements, Publicity and General Food Policy. The Committee is of opinion that team-work of the highest order will be necessary. In order to ensure continuous and conscious co-ordination, the Committee recommend that the high officials of the Department in charge of these functions should operate as a Food Board, with the Secretary as Chairman, meeting daily as a matter of routine and with such additional ad hoc meetings as may prove necessary.

(ii) Every effort should be made to recruit experts of high standing from the grain trades for services in those posts (particularly Enforcement and Intelligence) where intimate and detailed knowledge of conditions in various parts of India is of great moment.

(iii) In addition to the Advisory Committee on Prices there should be an Expert Panel, of not more than six, drawn from the trade, whose advice should be sought on appropriate occasions. The expert members of the Advisory Committee on Prices should be asked to serve also as members of this Panel.

CHAPTER 11.—GENERAL ADMINISTRATIVE ASPECTS OF THE FOOD PROBLEM

1. We have had occasions in other chapters of this Report to refer to questions of administration. But, since in our view, the key to the food problem in India is primarily administrative, we offer no apology for returning to the subject in a separate chapter.

2. The key to the food problem in India is primarily administrative. If this is accepted, two consequences at once follow. Firstly, the public must realize that the staffs employed must be adequate : properly trained to do the job and sufficient in number to avoid delays. Gibes at the " swelling numbers of the bureaucracy " are out of place. When it is remembered that to administer the food situation in the United Kingdom a staff of some 36,000 persons is required, it is clear that a large number of additional staff will be required to carry out food administration in India. This conclusion is inescapable.

3. The second conclusion is that if the public is to be called upon to pay the piper, it has the right to demand certain things in return. These are : first and foremost, a sense of urgency. Secondly, promptness and courtesy. Thirdly, absolute and complete honesty. The Food Administration is brought into contact with the trading public in its procurement and other technical operations : it will be brought into contact with the general public over publicity, rationing and anti-hoarding operations. Attempts to harass and persecute individuals for the sake of gain should and must be stamped upon, ruthlessly and mercilessly.

4. On the other hand, the administration has a right to demand that the public should help the Administration, and, incidentally itself by adopting a much more positive attitude, of disapproval, of certain anti-social attitudes and pratices than it has hitherto done. The rich man who " invests " (sometimes outside the confines of his province in order the better to " cover up his tracks ") in foodgrains as a " hedge " against inflationary terrors : the trader who deliberately furnishes no returns, or delays his returns, or falsifies them : the trader who holds back supplies for sale in the " black market " : the panic-monger who spreads rumours : the selfish individual who stores food in unnecessary quantity : are, at a time like this, social pests who deserve and should receive to a much greater extent than they do at present the condemnation of every decent man and woman in every community. But, in this connexion also, the Food Administration cannot simply throw back the problem at the public. Just as it must enforce a high standard of performance and probity upon its officials, it must enforce a high standard of honesty upon the public. If the offence is proved, punishment must follow and punishment must be effective. In the past, the penalties inflicted have in certain cases been so derisory as to bring the law into contempt and to act as a positive encouragement to others to commit similar offences. Where the chance of gain is great, the pecuniary loss must be commensurate where the gravity of the offence calls for imprisonment, sentences should be deterrant. It was not by the use of soft words and gentle measures of admonition that the black-market has been stamped out in the United Kingdom. Other countries have gone further still, though we need hardly dilate upon this point.

5. It is absolutely necessary for every one to realize that a drastic enforcement of the law in order to penalize anti-social practices does not in any way imply that every individual is on his trial or that the attitude of the Administration is that every one is guilty unless he proves his innocence. The exact opposite is the case : rigorous enforcement and sound relations between the public and the Food Administration are complementary. If the Administration desires to secure the co-operation and trust of the public, it must make certain that the black sheep within the fold are effectively dealt with. But, if, again, the trading community desires the Administration to trust it and to utilize its services freely, it also must eliminate the black sheep within the fold, and not merely maintain a passive attitude that this is a task for Government and if Government does not succeed, so much the worse for it.

6. We pass now to certain technical issues connected with what we have said above. In this connexion, the first point which we desire to emphasize is that Food Administration must be both a full-time job and a professional job—in the sense that there must be a clear-cut division between the administration and those public-spirited individuals who desire to help their fellow-countrymen in a time of crisis. There is a large sphere of useful activity awaiting these, and this sphere will grow as the range of administration expands. But the day-to-day work of Administration must be done by those who can be ordered to do definite things, to work definite hours under definite instructions, who can be punished or rewarded and who can be discharged, if necessary. But so far as the administrative cadre is concerned, it is useless to throw additional work upon over-worked officers and to expect them to produce results It follows that the Food Administration must be an autonomous service, under its own heads and with its own staff.

7. It is, of course, not easy to find the officers who are to be in full executive charge at the head of the Food Administration in every Province and State, since the pressure upon personnel is every-where great. But it is equally unwise to exaggerate the difficulties. The underlying economic and administrative considerations of Food Administration are complex, but we have already suggested that it should be the duty of the Central Government to act as a " thinking machine " and as guide and adviser to other Administrations. It is not the " higher policy " of Food Administration which need occupy the minds of the senior officials, once principle and policy have been agreed upon and once they have assimilated what those principles are. What is required of them is energy, devotion, knowledge of the area and of its peoples and the practices of the local trade, and, necessarily, the ability to administer. But these are not impossibly high qualifications.

8. As regards the subordinate personnel, their qualifications must vary with the tasks they are called upon to perform. Those who are called upon to deal directly with the public (*e.g.*, over the issue of ration-books or in connexion with the taking of a food census) should possess the requisite qualities of tact and honesty and un-wearying patience. Those whose duties are clerical must have the requisite standards of literacy, a sense of devotion to duty and a capacity to spend long hours at exacting and dull detail. We refuse to believe that these are qualifications of so high a nature as to make it difficult to fill up the necessary cadres.

9. We suggest that in recruiting staff, the possibility of drawing upon the Universities and the foodgrains trade itself should be fully explored.

10. We have already, when dealing with rationing, drawn attention to the desirability of asking the public to co-operate with the Administration in carrying out Food-policy. In this connexion our attention has been drawn to the fact that in the Travancore State the task of procurement was greatly

facilitated by the organisation of no less than 400 village committees, consisting of officials and non-officials, whilst in Bengal, we understand, the Government was successful in setting up 100,000 village committees in connexion with the recent rural food-drive. There is, of course, nothing new in the suggestion we are making : in certain Provinces, at least, the use of unofficial advisory committees has been resorted to since the outbreak of the War. Of one such Province we were informed that " The conclusion formed.....is that in spite of its obvious defects the machinery (in sub-divisional areas) has been of the utmost value in mobilising public opinion and in laying bare the great practical difficulties of control. The local administrative officers have been forced to keep close contact with local opinion both of the consumers and of the merchants." Of the Provincial Advisory Committee of the same Province we were told that " The discussions at the meetings of this Committee were always of the greatest value to the Provincial Government and their Controller, and they play no small part in the determination of the attitude of the Provincial Government on matters of general policy."

11. Whilst we are convinced that each Province and State now requires the services of at least one full-time Food-grains Officer, the number of the subordinate senior officers under his control must depend upon the volume of work involved in relation to each specific function involved. Thus, where there are one or more large cities in which rationing is necessary, there may have to be one or more Rationing Officers : the enforcement of the Food Grains Control Order (the importance of which we emphasize below) may require another officer and there may have to be a special Enforcement Branch concerned with all aspects of breaches of the law, as well as a special Procurement Officer, where procurement is undertaken directly by the Province and State. We desire only to insist upon the desirability that the administrative " pattern " should be the same in every part of India, to the fullest possible extent that circumstances allow, though as we have already pointed out, in our Chapter on the Food Department, complete uniformity will not be possible or even advisable. It should be one of the primary functions of the Food Department of Government to see that in every part of India the arrangements with regard to administration come up to what, in its estimation, is the very minimum standard desirable.

12. As one step in the direction of improving administration, we recommend that the Food Department set itself the immediate task of preparing a Manual of Food Administration on the lines of the Famine and other Codes familiar in Indian administration. This should be kept up to the date by the issue of regular supplements, and, no doubt, provincial administrations may wish to add something to the manual as issued to its local officers. It would also be desirable if some knowledge of what is happening in the sphere of Food Administration in other countries could also be made available, as a stimulus and encouragement to local and Central authorities alike. If administrators are brought to realize that they are struggling with difficulties which other countries also have to face to a greater or smaller extent, and that what others have done and are doing, they also can do, much will have been gained.

13. The essence of the provisioning of the people is to ensure a steady flow of foodgrains through the wholesale and retail agencies, whether these are wholly managed by the traders or by the Administration or whether a mixed system obtains. So long as trade is still primarily in private hands, it is *essential* to know who is trading, what supplies he has received and from whom, to whom he has sold and in what quantities and what stocks he possesses. If there is reason to suppose that large stocks, far in excess of personal needs, are in the possession of agriculturists or in the hands of persons other than regular traders, it is absolutely vital that knowledge of such stocks should come into

the possession of Government. Thus there must be registration and licensing of the regular trader : there must also be a regular flow of information, that is, returns. Thus the Food Grains Control Order, the purpose of which is to deal with precisely these matters, is the very foundation of the legal framework of Food Administration. This fact, we may add, is fully realized in the Food Department.

14. We do not conceal from ourselves and we desire to impress upon the public, that the proper form and administration of the Food Grains Control Order is a matter, not only of great importance, but of great difficulty. Opinion as to the value of the Order differs widely among those who have had practical experience of its working. Delays and falsifications in making returns : the existence of many small and illiterate trades to whom the keeping of accounts is novel and difficult : the existence in some Provinces of individuals who are both traders *and* agriculturists : the dispersal of stocks and their fragmentation in order to make acquisition more difficult : delays in the compilation of returns so that they are useless, are all matters which the administrator has to take into account. Nevertheless, we remain convinced that the most strenuous efforts must be made to make the working of the Order a success. Here again, the path to success must be in taking the task out of the hands of over-worked officials, hitherto primarily concerned with other duties and, on the other side, in punishing adequately those who evade and infringe the Order. It is hardly necessary to say that in Order to enable any grievances to be redressed the normal machinery of appeal to the Provincial Government should be fully preserved.

15. We are of the view that the Order in its present form is unsuitable for application to producers and consumers. The Order provides for the licensing of all to whom it applies, or may be applied, but the mere number of producers and consumers who would be covered by the Order when applied to them would be so enormous that it would be administratively impossible to license them all. Moreover, it is unnecessary to do so. It is hard to visualise a situation in which the keeping of registers of stocks and the submission of regular returns over a long period would be necessary in the case of cultivators and consumers. There are, however, many occasions such as the introduction of rationing when a census of consumers' stocks is necessary, or on occasions of local shortage when it is necessary to re-distribute to cure maldistribution. It is suggested that provisions applicable to consumers and producers should form a separate part or parts of the Order capable of introduction in local areas for occasional brief periods at the discretion of the Provincial Government which should also be empowered to fix quantity limits for possession and disposal (either by freezing or by acquisition) suited to the circumstances of the occasion. This part of the Order would in fact be an enabling provision capable of as wide a measure of variation as possible.

The Order in its application to the trade should of course be uniform throughout India. It should be amended, *inter alia*, to provide separate forms of licenses for wholesalers and for retailers, for the conditions of the licence should differ for the two classes, *e.g.*, it is unnecessary that retailers should keep complete accounts of the disposal of their stocks, which may well be sold in seer lots to a host of individual customers. All employers of labour who run shops or provide grain for their employees should be compelled to take out retailers' licenses so that information about stocks may be complete.

Similarly, banks which hold grains against advances by them, legal title to which grain has passed to the Bank should hold wholesalers' licences. In the case of bank-loans secured by foodgrains, legal title to which remains with the borrowers, the latter should hold wholesalers' licences : the general principle

being that all stocks should be returnable by one or other party, but not by both.

At present, the licensing officer can cancel licences only for a breach of the conditions, the right to cancel for other reasons being properly reserved to the Provincial Government. Provision should however be made for cancellation by local officers.

16. It has been in the past, and still is, a frequent subject of complaint that " the Centre does not know what the Provinces are doing, nor the Provinces what the Centre is doing. " There is some substance in this complaint, though perhaps not as much as some of the critics imagine, and in any case, it *is* obviously of the greatest public importance that the Centre and the Provinces should be in the closest possible touch, both in regard to " policy " matters and in regard to " administration " matters.

17. We hope that several of the suggestions we have made with regard to the organisation of the Food Department will enable closer contacts to be maintained, and it is obviously desirable, that senior officers of that Department should tour as much as possible and to intervene in person in moments of crisis or difficulty in a particular area. But, obviously, this is not enough. The amount of touring that Central Officials can hope to do is, obviously limited, and it would not, in any case, add to the ease of intercourse between the Provinces and the Centre if the officials of the former were liable to be called upon at too frequent intervals by a series of miscellaneous officers of the Centre.

18. The system of Regional Food Commissionerships was devised to deal with this very matter. India was divided into six regions, irrespective of the division between the States and British India and the Regional Commissioners with their headquarters at Lahore, New Delhi, Calcutta, Madras, Bombay and Mount Abu respectively were given competence to deal with a range of subjects as wide, in fact, as the totality of Food Administration.

19. We have heard a variety of complaints, some trivial, some more serious, affecting the number of Commissioners, their place of residence their technical competence and the like more. A fairly general feeling has been expressed that they acted only as " post-offices ", but, nevertheless, the overwhelming concensus of opinion is to the effect that the system has been found very valuable in practice and should be maintained. We do not think that anything would be gained if the Commissioners were drawn entirely from men with experience of the trade, for they are called upon to deal with policy and administration matters and we regard common-sense, assiduity and experience of men and affairs to be the best background for this kind of work. Nevertheless, we feel that in order to carry out their functions properly they should be more capable of commanding the confidence of the local community and be familiar with local conditions. In this way they should be able to interpret their Region adequately to the Centre and for that extensive touring is necessary. Similarly, frequent personal visits to the Food Department would appear desirable, if the Commissioners are to act as the link which we desire them to be. We would ask the Food Department to reconsider the question of the number of Commissionerships in the light of what we have said, but we do not feel that any question of principle is involved : this matter may be left to time and experience.

20. Our conclusions are as follows :—

(i) The work of Food Administration calls for a full-time staff, adequate in numbers, properly trained and adequately disciplined. On the other hand, no staff can function adequately unless backed by the full force of public opinion, which should encourage and support every move against those anti-social persons who threaten their food supplies. The fullest use should be made of advisory bodies, but the Food Administration itself must be autonomous.

(ii) The Food Department should consider the issue, at the earliest possible date, of a Food Administration Manual and should issue Supplements thereto at regular intervals.

(iii) The Fodgrains Control Order, concerned as it is with the movement of supplies through, trade channels and with the disposition of stocks from time to time, is an indispensable part of the machinery of Food Administration. It requires to be drastically and effectively enforced, and unnecessary delays in the receipt of information, its collation and utilisation, both by the Provinces and States and the Food Department must be avoided at all costs. The order should be amended as to deal separately with (a), traders, (b) cultivators and (c) consumers' stocks.

(iv) The system of Regional Food Commissionerships should be continued, and, if necessary, the number of Commisioners should be increased. Commissioners should possess the confidence of the local community and be familiar with local conditions. They should be expected to tour extensively and to prepare themselves to place the views of the Provinces and States in their areas effectively before the Centre, as well as to place the views of the Centre before the authorities in their areas. To this end they should be expected to pay personal visits to the Food Department from time to time.

APPENDIX TO CHAPTER 11.

A NOTE ON THE FOODGRAINS CONTROL ORDER.

(Furnished by the Food Department).

Origin and History.—Consequent on the outbreak of hostilities in the East and the eventual loss of Burma, the problem of securing adequate supply of rice, particularly for areas which previously depended on imports of rice from Burma, became very acute. The wheat situation had already shown signs of deterioration, price control having driven stocks under ground. The trend of markets and the psychology of the consumer was largely in the direction of holding up of stocks in expectation of better prices. Consequently the general course of prices was reviewed in the Fifth Price Control Conference held in April 1942. It became apparent that some measure of control over the distribution of stocks of foodgrains was quite essential before going in for control over prices. The Conference accordingly recommended that wholesale dealers should be licensed by the Provincial and State Governments with a view to ensuring an effective check on quantities, location and movement of stocks in the country and that in granting licences the existing channels of trade should as far as possible be maintained. These recommendations were implemented by the Centre and the Foodgrains Control Order was issued in May 1942. It provided that all persons other than producers of foodgrains, engaged in any undertaking involving the purchase, sale or storage for sale in quantities exceeding 20 maunds in any one transaction of any of the specified foodgrains shall be required to apply to the Provincial Government for a licence. Licences were to be issued free of charge to all established dealers, millers and other *bona fide* manufacturers of food products so as to leave the normal channels of trade undisturbed. Licence holders were required to keep accounts in the prescribed manner and to submit monthly return of their purchases, sales and stocks. The order originally applied to the major foodgrains, but minor millets and pulses were added to its schedule subsequently at the instance of the Provincial Governments.

Scope.—The Foodgrains Control Order attempts two main purposes :—(1) to segregate the legitimate trader from the speculator, and (2) to secure information of wholesale stocks and their movements. All provinces and States were asked to enforce it as early as possible. The various Governments brought it into effect at different dates but by the end of 1942, the Foodgrains Control Order was nominally in force over almost the entire country. It may be mentioned in passing that the Order was applied in Bengal at a very much later

date than in the other Provinces. Judging from the delayed and indifferent enforcement of the Order in certain areas it would appear that its valuable use as a powerful weapon in handling the deteriorating food situation in the country was not fully realised. The Food Department considers it as being of great value in obtaining some degree of physical control over stocks without which no price control is possible and their advice to the Provincial Governments has always been to rely upon it more than upon the Defence of India Rule 81 for controlling stocks. Another point to note is that all powers under this Order are vested in the Provincial Governments and it is they alone who have the machinery to implement it. The Central Government has none whatever.

The chief drawback in carrying out the various provisions of the Order in an effective manner has been lack of adequate inspecting staff in most of the component Governments.

Amendments.—The Food Department from its very inception from December 1942, have been taking steps for the vigorous enforcement of this important legislative measure and a number of amendments have by now been made to make it more and more effective. Before the Department came into the picture certain amendments for the purposes of securing correct returns being furnished by licensees and cancellation of the licences in case of delinquencies had already been made in the Commerce Department. The subsequent amendments can be best explained by inviting attention to a copy of the " statement* showing the objects and reasons for recent amendments to the Foodgrains Control Order, 1942 " submitted by the Official witness, Mr. N. T. Mone, I.C.S., Deputy Secretary, Food Department, to the Committee. The most important amendments were the following :

The amendment in clause 7(a) was made on the 5th February 1943, with a view to penalise hoarding of foodgrains. Confiscation of stocks could now be awarded by a Court. Subsequently, " storage for sale in wholesale quantities " was defined as " storage in quantities exceeding 20 maunds " by the addition of clause 2(e) and in May 1943, employers holding stocks for distribution to their employees were also brought within the scope of the Order. It was further provided that any person storing foodgrains in quantities exceeding 50 maunds shall be deemed to store for the purpose of sale, *vide* clause 3(2). Clause 8 of the Order was amended to provide for the application of the Order to areas where lands have passed into the hands of persons who are not agriculturists but are, in effect, dealers. Clause 7 was further amended with the object of enabling Provincial Governments to strengthen the inspecting agency by calling on the assistance of non-officials. The amendment to clause 3(1), dated the 29th May 1943, providing that any licence issued by a Province in the Eastern Region shall be valid in the other Provinces within the same region was necessitated by the introduction of Free Trade therein. This proviso is now being cancelled with effect from 16th August 1943, when powers of control will be restored to the four Provinces.

With a view to make the order more effective both in its form and practical application, opinions of the Provincial Governments were invited by the Food Department on the working of the most salient provisions of the Order and some of the more important suggestions received are the following :—

(i) devising control over itinerant and illiterate dealers ;

(ii) avoidance of delay in the submission of monthly returns ;

(iii) inclusion of stocks pledged with Banks in item (1) Form (C) of the Order and debarring the Civil Courts from entertaining claims in respect of confiscated stocks whether purchased or held against advances ;

*Annexe.

(iv) provision in forms A and B of the 2nd Schedule of the Order for indicating places of storage as distinct from place of business ;

(v) all grains and their products, whether husked or unhusked, grains clean and broken and boiled rice should be included in Schedule I ;

(vi) the limit of 20 maunds adopted for defining wholesale transactions may be reduced and licences issued to wholesale as well as retail dealers (the question of defining and classifying traders being left to the Provincial Governments) ;

(vii) the limit of 50 maunds in clause 3(2) of the Order may be considered as the maximum limit and Provinces may be authorised to prescribe a lower quantity if warranted by local conditions.

Pending formulation of further policy, these suggestions have not yet been taken up by the Food Department.

Future Use.—These and other proposals for rendering the Order more effective and efficient for its purpose will no doubt be received in the future. Indeed, it is the intention of the Food Department progressively to improve the Order keeping it fully abreast of administrative possibilities as Food control becomes progressively more efficient in the country. For, in their view they see this Order merely as the beginning of a powerful instrument that can be forged ; the embryo of a control that must grow and develop.

As regards its future use the order may be considered from three aspects : (a) rationing, (b) anti-inflation, and (c) price control.

Rationing.—The decision to apply rationing to the cities and major towns in India as soon as possible and thereafter to other substantial urban areas has been taken, being the recommendation of the Third Food Conference. The Provincial Governments have already been asked to complete preparatory steps for the eventual introduction of rationing. A system of rationing would undoubtedly postulate a satisfactory degree of control over physical stocks of foodgrains in the different areas and as already emphasised this can be achieved effectively through the Foodgrains Control Order alone. To this end the Provincial Governments must consider the question of providing adequate inspecting staff consisting of officials and non-official agency. The scheme for ensuring supplies to the cheap grains shops must also rest on a vigorous application of the Order.

Anti-inflation.—As an anti-inflationary measure, an Order under rule 94(B) of the Defence of India Rules has recently been issued by this Department providing that no advances of money shall be granted against the security of foodgrains except to licensed dealers under the Foodgrains Control Order or to producers of the foodgrains. It is expected that this measure would be effectively helpful in checking the spiral of credit in the market. By separating the legitimate trader from the hoarder and the speculator, the Order thus suppresses false credit and thus helps deflation.

Price Control.—The Provincial Governments should be able by enforcing the Order to assess approximately correctly, the visible stocks of foodgrains and thus maintain a reasonable level of prices. By keeping the supply position constantly under review and control they should be able to ascertain and even fix a reasonable or fair level of prices. The Order so utilised would provide a firm basis for working out a price policy in regard to all foodgrains and it may not be over-optimistic to state that Government would be able to adhere to such a policy only if the Foodgrains Control Order is continued and be enforced vigorously. An effective brake can be applied to prices whenever they show an upward tendency, not on account of any physical shortage but on account of a deterioration in the market psychology.

It would not be out of place to mention here that the policy of price control was first adopted in relation to wheat late in the year 1941, but was subsequently abandoned in January 1943. The policy of price control did not succeed in wiping out black markets principally because enough physical control over supplies could not be obtained. The policy followed by the Food Department has since been one of controlling supplies rather than prices. In course of time, if vigorous enforcement of the Foodgrains Control Order is kept up, it can be possible to combine with the present policy a policy of price control.

ANNEXURE.

Statement showing the objects and reasons for recent amendments to the Foodgrains Control Order 1942.

Serial No.	*Amendment Clause—dated.*	*Objects and Reasons.*
1.	Addition of sub-clause (e) to clause 2 of the Order. Notification No. 10|38-43A, dated 18th March 1943.	The addition was made to define ' storage for sale ' in wholesale quantities. The intention was to make the Order applicable not only to sale and purchase but also to storage in quantities exceeding 20 mds. for sale, whether wholesale or retail.
2.	Addition to sub-caluse (e) to clause 2 of the Order. Notification No. CG-IV(2)|43, dated 22nd May 1943.	The addition was designed to bring under control the holding of foodgrains in excess by industrial undertakings as some of them were found to hold stocks in unduly large quantities. Clause 9 of the licence in form A under the Second Schedule enables a Provincial Government to prescribe the amount of foodgrains which an employer may reasonably hold at any time for distribution to his employees.
3.	Clause 3 was re-numbered as sub-clause (1) and to that clause so renumbered sub-clause (2) added. Notification No. CG-IV(2)|43, dated 22nd May 1943.	The addition was made with the object of checking the hoarding of private stocks such as are often accumulated by wealthy persons as a reserve and subsequently disposed of by sale. It will be seen that the burden of proving that he is not holding foodgrains for sale is placed on any person who has stocks more than 50 mds.
4.	Proviso to clause 3 of the Order was added. Notification No. CG-IV(2)|43, dated 29th May 1943.	Amendment made as a result of the introduction of free trade in the Eastern Region.
5.	Amendment to clause 7. Notification No. CG-IV(2)|43, dated 22nd May 1943.	The word ' officer ' was changed to ' person ' with the object of enabling Provincial Governments to strengthen their inspecting agencies by calling on the assistance of non-officials as well as officials.

Serial No.	*Amendment Clause—dated.*	*Objects and Reasons.*
6.	Insertion of clause 7A. Notification No. A.I.-E|43, dated 5th February 1943.	The penalty of confiscation was provided with a view to enabling more effective action to be taken against hoarding. In giving effect to the amendment it was suggested to the Provincial Governments that the penalty of confiscation may more properly be reserved for those whose breaches of the law were sufficiently serious as to cause dislocation of normal trading by the volume of the stocks involved.
7.	Amendment to clause 8. Notification No. CG-IV(2)|43, dated 22nd May 1943	The amendment was designed to enable the Provincial Governments in their discretion to include within the purview of the Order the producer as well. The object of the amendment was to provide for the effective application of the Order in areas where lands have passed into the hands of persons who are not agriculturists and in effect dealers. The Provinces were enjoined to exercise the power under this clause only in such tracts where it could safely be assumed that there were very few *bonafide* agriculturists.

Notification.

FOODGRAINS CONTROL ORDER (AS AMENDED).

New Delhi, the 21st May, 1942.

No. Econ. Ad. (P.C.) 550\|42.—In exercise of the powers conferred by sub-rule (2) of rule 81 of the Defence of India Rules, the Central Government is pleased to make the following Order, namely :—

1. (1) This order may be called the Foodgrains Control Order, 1942.

(2) It extends to the whole of British India, but shall come into force in any Province only on such date as the Provincial Government may by notification in the official Gazette appoint in this behalf.

2. In this order, unless there is anything repugnant in the subject or context,—

(a) " Foodgrain " means such one or more of the commodities specified in the First Schedule to this Order as the Provincial Government may from time to time by notification in the official Gazette declare to be a foodgrain to which this Order applies ;

(b) " Form " means a form as set forth in the Second Schedule to this Order ;

(c) " Purchase in wholesale quantities " means purchase in quantities exceeding 20 maunds in any one transaction and includes purchase by any person on behalf of another as a commission agent or as the arhatiya ;

(d) " Sale in wholesale quantities " means sale in quantities exceeding 20 maunds in any one transaction and includes sale by any person on behalf of another as a commission agent or as an arhatiya ;

(e) " Storage for sale in wholesale quantities " means storage in quantities exceeding 20 maunds for purpose of sale, whether wholesale or retail, and includes storage by any person on behalf of another as a commission agent or an arhatiya and storage by an employer for the purpose of supplying, on payment or otherwise, food or foodstuffs to any of his employees.

3. (1) No person shall engage in any undertaking which involves the purchase, sale, or storage for sale, in wholesale quantities of any foodgrain except under and in accordance with a licence issued in that behalf by the Provincial Government or by an officer authorised by the Provincial Government in this behalf.

Provided that, if in any Province other legal provision exists for the licensing of persons engaged in any such undertaking as aforesaid, the Provincial Government may by notification in the official Gazette direct that licences for the time being in force issued under that Provision shall be deemed for all the purposes of this Order to be licences issued thereunder ;

Provided further that the Provincial Government or an officer authorised by the Provincial Government in this behalf may by a special or general order exempt subject to such conditions as may be specified in the Order, a purchaser other than a retail dealer from the operation of this clause ;

Provided further that any licence issued, or deemed to be issued, under this clause in any of the four provinces of Assam, Bengal, Bihar and Orissa and for the time being in force in the province of issue shall be as valid in each of the other three provinces as if it had been issued by the Provincial Government of that Province ;

(2) For the purposes of this clause any person who stores foodgrain in quantities exceeding 50 maunds may, unless the contrary is proved, be deemed to store the foodgrain for the purposes of sale.

4. Licences issued under this order shall be in Form A, and shall specify—

(a) the foodgrain or foodgrains in which the licensee may deal ;

(b) the place or places at which the licensee may carry on the licensed undertaking.

5. Applications for licences under this order shall be made in Form B to the Provincial Government or to an officer authorised by the Provincial Government in this behalf.

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* Notification No. 10-38|43-A, dated 18th March 1943.

† Food Dept. Notification No. CG-iv (2)|43, dated 22nd May 1943.

‡ Commerce Dept. Notification No. P. & S.C.-550|42, dated 10th August 1942.

§ Food Dept. Notification No. CG-iv (2)|43, dated 29th May 1943.

|| Food Dept. Notification No. CG-iv (2)|43, dated 22nd May 1943.

6. (1) No person being the holder of a licence issued, or deemed to be issued, under this order shall contravene any of the conditions mentioned in Form A ; and if any such person contravenes any of the said conditions, then without prejudice to any other action that may be taken against him, his licence may be cancelled by order of the Provincial Government or of an officer authorised by the Provincial Government in this behalf.

(2) Notwithstanding anything contained in sub-clause (1) the Provincial Government may, in special circumstances without giving any previous notice or without assigning any reason, suspend or cancel a licence issued, or deemed to be issued, under this order.

7. Any person authorised by the Wheat Commissioner for India or the Provincial Government in this behalf may enter upon and inspect any premises in which he has reason to believe that the purchase, sale or storage for sale, in wholesale quantities of any foodgrain is taking place contrary to the provisions of this order.

7A. If any person contravenes the provisions of clause (3) or clause (6) of this Order then without prejudice to any other punishment to which he may be liable, any Court trying the offence may order that any stocks of foodgrains, together with the packages and coverings thereof, in respect of which the Court is satisfied that the offence has been committed, shall be forfeited to His Majesty.

8. Except in such areas as the Provincial Government may from time to time notify in the official Gazette, nothing in this Order shall apply to the sale or storage for sale by any person of any foodgrain produced by himself or by his tenant.

THE FIRST SCHEDULE.

[See clause 2(a).]

1. Wheat and wheat products (including atta, maida, rawa, suji and bran) Triticum Spp. inclusive of the different species.
2. Rice in the husk (paddy) (Oryza Sataiva)
3. Rice husked (Oryza sataiva).
4. Maize (Zea, Mays).
5. Jowar (Sorghum vulgare).
6. Bajra (Pennisetum typhoides).
7. Gram any variety (Cicer arietinum).
8. Barley (Hordeum vulgare).
9. Ragi or mandua (Eleusine coracana).
10. Arhar (Cajanus indicus).
11. Masur (Lens esculenta or Ervum Lens).
12. Kodra (Kodan) (Paspalum Scrobiculatum).
13. Korra (Tenai) (Setaria italica).¶

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* Commerce Dept. Notification, dated 10th May 1942.

† Commerce Dept. Notification No. P. & S.C.-550|42, dated 4th July 1942.

‡ Food Department Notification, dated 5th February 1943.

§ Amended by Food Department Notification, dated 22nd May 1943.

‖ Commerce Dept. Notification, dated 7th October 1942.

¶ Notification, dated 10th December 1942.

THE SECOND SCHEDULE.

FORMS.

FORM A.

(See clause 4.)

No.————— "

THE FOODGRAINS CONTROL ORDER, 1942.

Licence for purchase, sale, or storage for sale, in wholesale quantities of foodgrains.

(Free of all fee.)

Subject to the provisions of the Foodgrains Control Order, 1942, and to the terms and conditions of this licence..... is|are hereby authorised to purchase, sell or store for sale, in wholesale quantities all or any of the undermentioned foodgrains :—

.....

.....

2. The licensee shall carry on the aforesaid business at the following place(s) :—

.....

.....

.....

3. The licensee shall maintain a register of daily accounts for each of the foodgrains mentioned in paragraph 1 showing correctly—

(a) the opening stock on each day ;

(b) the quantities received on each day showing the place of origin ;

(c) the quantities delivered or otherwise removed on each day showing the places of destination if consigned to places outside the district ; and

(d) the closing stock on each day.

4. The licensee shall in respect of each of the foodgrains mentioned in paragraph 1, submit to the officer issuing this licence so as to reach him not later than the fifteenth day of each month a true return in Form C of the Second Schedule to the Foodgrains Control Order, 1942, of stocks, receipts and deliveries of the foodgrain during the preceding month.*

5. The licensee shall not in any one transaction, sell any of the foodgrains mentioned in paragraph 1, in quantities exceeding 20 maunds, to any person who does not hold a licence under the Foodgrains Control Order, 1942, nor is otherwise authorised to purchase the foodgrain in wholesale quantities.

6. The licensee shall, except especially exempted by the Provincial Government in this behalf, issue to every customer a correct receipt or invoice as the case may be, giving his own name, address and licence number, the name, address and licence number (if any) of the customer, the date of transaction, the quantity sold, the price per maund and the total amount charged, and shall keep a duplicate of the same to be available for inspection on demand by any authorised officer of Government.

7. The licensee shall prominently display at each of the places mentioned in paragraph 2 a correct list written in the language of the locality, of the prices of all foodgrains in which he deals.

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* Amended by Commerce Dept. Notification, dated 20th June 1942.

† Amended by Commerce Dept. Notification, dated 14th September 1942.

8. The licensee shall give all facilities at all reasonable times to any authorised officer of Government for the inspection of his stocks and accounts at any shop, godown or other place used by him for the storage or sale of any of the foodgrains mentioned in paragraph 1 and for the taking of samples of such foodgrain for examination.

9. The licensee shall comply with any directions that may be given to him by the Provincial Government or by the officer issuing this licence in regard to the purchase, sale, or storage for sale, of any of the foodgrains mentioned in paragraph 1.

.....

Signature of the officer issuing the licence.

Dated the.....194 .

Note :—The licensee's attention is drawn to clause 6 of the Foodgrains Control Order, 1942, which reads :—

(1) No person being the holder of a licence issued, or deemed to be issued, under this Order shall contravene any of the conditions mentioned in Form A ; and if any such person contravenes any of the said conditions, then without prejudice to any other action that may be taken against him, his licence may be cancelled by order of the Provincial Government or of an officer authorised by the Provincial Government in this behalf.

(2) Notwithstanding anything contained in sub-clause 1, the Provincial Government may in special circumstances, without giving any previous notice or without assigning any reason suspend or cancel a licence issued or deemed to be issued under this Order.

FORM B.

(See clause 8.)

1. Applicant's name.....
2. Applicant's profession.....
3. Applicant's residence.....
4. Situation of applicant's place of business with particulars as to No. of house, mohalla, town or village and Police Station and District .....
5. How long the applicant has been trading in foodgrains (particulars to be given for each foodgrain).....
6. Quantities of foodgrains handled annually during the past 3 years.....
7. Names of foodgrains in respect of which licence is required. .....
8. Income-tax paid in 1939-40 .....
   Income-tax paid in 1940-41 .....

I declare that the following quantities of the foodgrains specified above are in my possession this day and are held at the places noted against them :—

.....

.....

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* Amended by Commerce Dept. Notification, dated 4th July 1942.

† Commerce Dept. Notification, dated 10th August 1942.

I have carefully read the conditions of licence given in Form A of the Second Schedule to the Foodgrains Control Order, 1942, and I agree to abide by them.

.....

(a)* I have not previously applied for such licence in this district for any of the foodgrains specified in para. 7 above.

(b)* I applied for such licence in the district for..... on.....and was|was not granted a licence on.....* (Strike out the words which are not applicable.)

Dated..... Signature of applicant.

District.

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†FORM C.

(See paragraph 4 of the Form A.)

Return of stocks, receipts, and deliveries of†..... *for the month of* .....1942.

Name.....

Address..... Licence No. .....

Particulars.	Quantity in maunds.	Remarks if any.
1. Stocks at the beginning of the month		
2. Quantity received during the month :—		
(a) from other persons in the same district		
(b) from persons in other districts of the Province		
(c) from persons outside the Province		
Total ..		
3. Quantity delivered or otherwise removed during the month :—		
(a) to other persons in the same district		
(b) to persons in other districts of the province		
(c) to persons outside the province ..		
Total ..		
4. Stock at the end of the month ..		

* The name of the foodgrain.

†Amended. Commerce Dept. Notification, dated 10th August 1943.

CHAPTER 12.—THE RELATIONS BETWEEN THE PROVINCES AND STATES AND THE CENTRAL GOVERNMENT IN MATTERS RELATING TO FOOD.

No observer of public events can have failed to appreciate the depth of public feeling on the subject of the relation of the Provinces and the Centre in matters relating to Food. Opinions upon what can, or what should be done, in particular circumstances, run very far apart. We are fully aware of the delicacy and complexity of this subject, but we feel that we would be failing in our clear duty if we did not express our views.

2. In the first place, there is the most intimate connexion between the solution of the Food Problem and the maintenance of law and order. Hungry men do not discriminate and social unrest does not observe provincial frontier lines. The Centre, *all* the Provinces and *all* the States have a common interest in seeing that the situation does not get out of hand.

3. Secondly, despite the existence of Provincial and State boundaries, India was and is an economic entity, with all the parts inter-dependent. None of the essentials of existence are produced in equal *per capita* quantities in all the Provinces and States. It is true that some Provinces are more fortunately situated than others in matters of food-production, but those very Provinces are dependent on other less fortunately situated Provinces for other supplies. It is impossible to deal with the food problem, as it is impossible to deal with other scarce supplies, such as coal, transport, clothing, medicines, except on the basis of relating to the total available supply in relation to the total demand. As a matter of fact, the degree of inter-dependence is obscured by the division of the country, for convenience of discussion, into "surplus" and "deficit" Provinces. Some Provinces may be surplus in *all* the major foodgrains and some deficient in *all* the major foodgrains. But others are deficient in one grain, and surplus in another and the degree of surplus or deficiency may vary. Under these circumstances, the solution demands in very fact a process of "give and take" in the physical, as well as in the intellectual sense of the word.

4. Next, when it is demanded that the Centre must provide supplies to a deficit area, it must be borne in mind that the Centre grows no food and can only obtain supplies with the concurrence of other Provinces. It can only import with the concurrence of other countries ; it cannot claim supplies or the shipping involved as a matter of right. And, given a tight supply situation, more can only be given to one Province if other Provinces are content, for the time being, to do with less. It follows that *all* the Provinces have an interest in the manner in which *each* Province manages its affairs. It is surely obvious that it is not reasonable to enforce sacrifices on one Province without reasonable efforts being made to see that the fruit of such sacrifice goes, as far as possible in relieving suffering elsewhere. The maintenance of adequate standards of administration everywhere is a *common* interest, and not merely the interest of the inhabitants of a particular locality.

5. It is quite impossible for the Central Government to "wash its hands" of the situation in a particular part of India, not only because of the considerations already advanced, but because public opinion will not tolerate such an attitude. But if that is so, the Central Government cannot tolerate a state of affairs in which it might have responsibility without power, whilst others would have power without responsibility. We agree that the whole question of the relations between the Centre and the Provinces has been prejudiced by the circumstances under which the abortive Free-Trade experiment was conducted. The Provinces complain that they were inadequately consulted and that they were faced by a situation of extreme gravity without sufficient time for consideration,

The Centre complains that its efforts to come to the assistance of a gravely distressed Province were thwarted and obstructed at every turn by these very Provinces. This is a condition of things which we hope will never be allowed to occur again. The way to avoid its repetition is the problem which we have to solve.

6. If what we have stated above is accepted, it is clear that the interests of all are so inter-dependent that the only alternative to chaos is co-operation. But it is useless to enunciate such a proposition, without stating *how* co-operation can best be secured. In general terms, the answer is : clearly defined spheres of authority, and clearly defined methods of procedure.

7. If our proposals are accepted, the whole task of physical procurement and of rationing will be in the hands of the Provincial (and State) Food Administrations. The target figures at which they will be aiming will have been settled at the two half-yearly Conferences which we recommend and the chances of dispute and disagreement will have been greatly diminished by the continuous study of the Basic Plan figures undertaken by the Centre. At the same time, if the work of the Intelligence and Statistics is carried out effectively, the Provinces (and States) will have been kept continuously aware of the state of affairs in every part of India : and if the Regional Commissioners do their work properly, the Centre would be kept continuously in touch with provincial feeling and conditions. Again, if the Enforcement Branch at the Centre does its work adequately and if the Provinces (and States) are encouraged to seek advice and assistance, and the Centre proffers advice and assistance as soon as it feels that in any area things are going wrong, the risk of sudden differences of opinion emerging, or of some sudden crisis breaking out, will have been greatly diminished. There is no reason why Provinces should fear that the day-to-day work of administration or their normal authority in their own Province will be imperilled in any way.

8. Nevertheless, in an imperfect world it is as well to look facts squarely in the face. Where are the possible causes of difference and how can they be best overcome ?

The first possible cause of difference is between Provinces and States among each other, and between the Provinces and States and the Centre, over agreeing to the " target " figures of the Basic Plan. The natural, human temptation will be for surplus Provinces to argue that the deficit Provinces are asking far too much, and for the deficit Provinces to argue that the surplus Provinces are giving too little, and both will be inclined to throw the final responsibility upon the Centre. Unless care is taken, there will be agitation in one place against the Centre for its miserliness, and in another for its prodigality. This is a situation which must be faced.

It should be possible greatly to diminish the zone of conflict by a closer and more continuous study of *all* the facts. As regards *figures*, divergence can only be about the figures of production. If, after these have been thoroughly examined and arguments and counter-arguments exhausted, there is still difference of opinion between the Centre and a Province regarding its final deficit or surplus figure, the question should be referred to an expert committee, with not more than three members, and the decision of this committee should be accepted as final both by the Centre and the Province concerned. We suggest that the Vice-Chairman of the Imperial Council of Agricultural Research, the Director of Agricultural Production, and a non-official expert in the foodgrain under dispute, but from a province not concerned, would form a strong and independent committee. Such a Committee could within a week go down to Provincial Headquarters, look into the figures, if necessary visit the areas, possibly fly over them and give a sound decision. We propose a similar arbitral procedure (so far as figures are concerned) as regards the States, though the nature of the tribunal may have to be varied somewhat. As regards allocation, it is

clear that the Centre must have the last word. It is clearly impossible for a single Province to dictate to the rest of India how much it is *entitled* to get. But the Centre, in making allocations, must have regard to the reasonable requirements of each deficit area. We propose a similar arbitral procedure, so far as figures are concerned, as regards the States, though the nature of the tribunal may have to be varied somewhat.

9. It follows also that the management of the Central Foodgrains Reserve must be in the hands of the Centre. The Centre alone must be the authority to judge if circumstances in a Province (or State) are such as to require Special "Rescue Operations" and of the extent to which assistance can be afforded. It would clearly be quite impossible to allow the final word in this matter to be with a single Province (or State), for only the Centre knows the other possible calls likely to be made upon it.

10. It is also quite clear that when allocations have been made for any six-monthly period, and there is general understanding of what each is to give and each is to get, any requests from a Province (or State) for special assistance, which will involve drafts on the Central Reserve or reduction in supplies to other Provinces (and States) carry with them the implication that the Province (and State) making the request will comply with any conditions laid down as to the terms upon which that assistance may be afforded. Here, again, there is plenty of room for discussion and compromise, but the last word must be with the Centre.

11. A second possible cause of difference between the Provinces and the Centre concerns the details of administration arising even when an agreed policy has been arrived at. Food administration, as indeed all other administration, is not in its day-to-day aspects concerned with the formulation of policy, but with innumerable acts of detail and it is upon the effective carrying out of these acts of detail that success or failure turns. There is a risk that some act of wrongful commission or some act of omission may throw the whole machine out of gear and the effect may be felt, not alone in the Province concerned, but all over India. The general public is not interested in the details, but only in the results, and if the result is a failure of food supplies to reach it, it will be inclined to blame on the policy what, in fact, is the result of the failure of the machinery to function smoothly, or as it was intended to function, in some detail.

Now it is of the very essence of a situation like this that there is no time to argue. Food supply must proceed regularly, day after day and it is quite impossible to allow it to be held up by argument on points of detail. We repeat that if the Provinces and the Centre are in as close touch, and cooperate in as intimate a way as we hope and expect they will, even such disputes as to detail will not arise in an acute or embarrassing way. It is not only a question of the Provinces keeping up their administration, to repeat, it is also a question of the machinery of the Food Department being improved. We have no reason to suppose that even now, in the vast majority of cases and incidents, the Centre does not receive the willing assent of the Provinces to its proposals and suggestions. But, in matters of detail and where the situation demands *urgency*, the Centre must have the last word and must, accordingly, issue the appropriate Direction to the Province concerned. In some cases, at least, action *must* come first and argument—if argument be needed—must come second.

12. A much more serious problem arises if a Province either bluntly refuses to implement a policy which has been agreed upon by the Centre and the other Provinces, or allows the standard of performance to fall so seriously below what is demanded by the circumstances as to cause grave embarrassment to itself or to India as a whole. Here there are two things to be said. Firstly, and to repeat, if the machinery we have proposed is working smoothly, such grave difficulties as those alluded to should never be allowed to arise. There

should be every opportunity for discussion, for help, for warning and for compromise. Secondly, supposing all these efforts fail, and a crisis does intervene, then, whatever the legal powers of Government may be, a situation will have arisen which in its incidents and its consequences, obviously transcends the competence of the Food Department and raises problems which can only be dealt with at the very highest levels. Beyond this point it would obviously be improper for us to carry our argument. But we feel compelled at this stage to point out that failure to deal with such a situation with vigour and firmness would gravely imperil the working of the Basic Plan in particular and of Government's food policy in general.

13. When we turn to consider the relations between the Central Government and the States, we would observe that in the first place, the States taking them as a whole, exhibit a greater degree of self-sufficiency than do the individual Provinces of British India. The obvious exception to this statement (though there are others such as Baroda and the Deccan States) is furnished by the States of Travancore and Cochin, whose efforts at self-help merit the highest praise. But, by and large, the fact that the individual States and the States as a whole, are more nearly self-sufficient, makes the urgency of their Food Problem less acute.

Secondly, the general principle which should govern the relations between the Provinces and the Centre should also govern the general relations between the Centre and the States : the highest degree of co-operation which it is possible to secure. The States should receive all the guidance and assistance which they require : the Centre should be kept fully informed of their activities and problems. We have no reason whatever to suppose that in the day-to-day work of Food Administration the Co-operation principle has not, in the vast majority of cases, been faithfully observed.

Thirdly, the legal machinery, to which we have referred in the previous paragraph is clearly not applicable to the States. Should difficulties arise, they must obviously be referred by the Food Department or the States to other agencies and the normal machinery of inter-course and sanctions must come into play.

14. **Our conclusions are :—**

(i) The various Provinces of India are so inter-related in food matters, that " give and take " physically and administratively, is imperative.

(ii) Public opinion will not tolerate a " hands-off " attitude by the Centre, and, in consequence, the Centre cannot accept any situation which would involve its having responsibility without powers.

(iii) Co-operation can best be secured by clearly defined spheres of authority and clearly defined methods of procedure. In particular, as regards the Basic Plan :—

(a) If after full discussion there is still difference of opinion between the Centre and the Provinces, the decision of an expert arbitration Committee shall be accepted as final by both the Centre and the Provinces. A similar arbitral procedure should be adopted in the case of the States though the composition of the tribunal might have to be different.

(b) The Provinces must be prepared to accept :—

(I) The allocation proposed by the Centre. In making the allocations, the Centre shall have regard to the reasonable requirements of each deficit unit.

(II) The undisputed management by the Centre of the Central Foodgrains Reserve.

(III) Any conditions laid down for rescue or special assistance operations.

(iv) Disputes arising out of the details of administration must, in the last resort, be settled by the Centre. Disputes of a wider character involve issues which make it impossible for their final adjudication to be in the hands of the Food Department.

(v) The constitutional position as regards the States differs from that of the Provinces, and whilst the highest degree of co-operation is obviously called for, the normal channels of intercourse must be relied upon to resolve any difficulties that may arise.

CONCLUDING REMARKS.

1. With the recommendations contained in the preceding chapter, we bring our formal task to an end. This has been a co-operative effort in the truest sense of the word, in which officials and non-officials, representatives of various interests and spokesmen of the Centre, surplus and deficit Provinces and States have attempted to pool their knowledge and experience. We wish to add to our technical recommendations certain reflections which this Inquiry has forced upon our minds.

2. It is incorrect to say that " next " to the War, the food-problem is the most serious issue which faces this country. This is wrong : the food-problem is a part of the War-effort. Its settlement is as urgent as any that confronts the country in military terms.

3. Next, the solution of the food-problem does not consist merely in finding an adequate policy. Bad policy may be neutralized, to some extent at least, by adequate administration : bad administration will wreck any policy, however good. And good administration in this connexion calls not only for the normal qualities of assiduity and conscientiousness, but for something else. It calls for a realization of the fact that the lives of humble men and women and children, who cannot help themselves, are at stake. We feel that every Member of the Food Administration, in every part of India, should be inspired by the thought that upon *his* efforts, however humdrum and humble they may be, the life and happiness of his co-citizens depend.

4. The task of seeing to it that the Food Administration is adequate for the purposes it is called upon to subserve is made all the more impressive by the fact that the food-crisis is not likely to be a short-lived one, in the sense that a good harvest or even a series of such harvests is all that is requisite. There is no reason whatever to suppose that the problem of procurement will cease with the cessation of hostilities : an event which is itself conjectural. There is every reason, on the contrary, to suppose that for at least some time, it may well be two or more years, after the cessation of hostilities, the world as a whole will be short of food and of shipping. The cessation of hostilities will bring with it an immense increase in the demand for foodstuffs for the devastated countries of Europe. No one can yet measure what the effect of hostilities in Burma will be upon conditions there. To indulge in optimism at this stage would be worse than foolish. India must build up an organisation which will be capable of functioning, and functioning well, for an indefinite period of time ahead.

5. In saying this, we would not wish to be understood as implying that Food Administration of the kind we have been advocating should form part of the normal machinery of Indian Administration. We must, on the contrary, express the fervent hope that the conditions which have caused it to come into existence will speedily disappear. We have been concerned in this Report with the Economics of Scarcity : a true long policy must be concerned with the Economics of Abundance. This crisis should teach all of us the lesson that in the past questions of food-supply and of nutritional policy have been unduly neglected. We hope that it will never again in the life-time of any of us be necessary to pass through a crisis analogous to the present one. In considering the future, we hope that it will be possible through the agency of a Ministry of Agriculture and through the fuller utilisation of nutritional expertise considerably to increase the quantum, and to greatly improve the quality of the food-supplies of India.

6. We would invite the co-operation of the leaders of public opinion and in particular the Press. We would say that a peculiar responsibility rests upon the Press not to give credence to allegations and rumours before these have been investigated.

7. We desire to express our thanks to our Secretary, Dr. Junaid and to the staff under him. They have cheerfully worked long and arduous hours and the work of our Committee could not have been completed in the time taken without their unfailing and unremitting devotion to duty.

We have the honour to be,

SIR,

Your most obedient servants,

(Sd.) T. E. GREGORY—*Chairman.*

(Sd.) M. M. JUNAID—*Secretary.* (Sd.) A. D. GORWALA—*Vice-Chairman.*

Members

(Sd.) T. J. HUTTON.
(Sd.) J. V. JOSHI.
(Sd.) S. BASU.
(Sd.) R. L. GUPTA.
(Sd.) H. S. KAMATH.*
(Sd.) R. A. E. WILLIAMS
(Sd.) W. SCOTT BROWN.
(Sd.) RAJESHWAR DAYAL.*
(Sd.) E. N. MANGAT RAI.*
(Sd.) MUAZZAMMUDIN HOSSAIN.*
(Sd.) J. C. BOLTON.
(Sd.) G. M. QURESHI.
(Sd.) K. R. NARAYANA IYER.
(Sd.) A. P. PATTANI.
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(Sd.) P. THAKURDAS.*
(Sd.) FAZAL I. RAHIMTOOLA.*
(Sd.) M. A. MOMIN.
(Sd.) L. C. JAIN.
(Sd.) A. WHITTAKER.
(Sd.) HATIM ALAVI.
(Sd.) ABDUL HAMID KHAN.
(Sd.) VIVEK SINGH.

Dated 11th September 1943.

*Signed subject to Notes appended to this Report.

NOTES BY MEMBERS

NOTE ON PRICE POLICY BY MR. R. DAYAL, I.C.S., REPRESENTATIVE OF U. P. GOVT.

As the question of Price Policy is fundamental to the food problem it is necessary to examine the arguments advanced for the statutory control of the prices of foodgrains. It is true that Price is no longer wholly determined by the inter action of the laws of supply and demand, and that the present abnormal circumstances have vitiated their effect. It is also true that prices are influenced directly or indirectly, in a variety of ways by Government. These include the control of transport, rationing of consumption, and planned purchasing operations. From this it is argued that since some form of price control is being exercised by Government in practically every hole and corner of the country, such control should now be tightened and generalised.

The main arguments advanced by the protagonists of statutory price control are as follows :—

1. It will assist procurement operations. If prices are not controlled there is a tendency for the grower to hold on to his produce in the hope of getting a higher price later. If he knows that the price will not be allowed to rise, he will be forced to sell at the price fixed by Government. It is suggested that the price fixed should be fair, and it should take into account production costs and the general level of prices of consumers' goods.

2. It will counteract inflation. It is argued that the high prices of foodgrains push up the cost of living index, which leads to an increase in wages or dearness allowance, which in turn raises the cost of production of consumers' goods. This increase in the cost of consumers' goods is reflected in a further increase in the prices of foodgrains, and so a vicious spiral is set up. It is therefore argued that if the prices of foodgrains are controlled, there would be stabilisation of wages, and consequently stabilisation of the general price level.

Both these arguments require close examination. As regards the effect of a statutory price on procurement, it is clear that a statutory price cannot have the same effect as a falling price ; as in the latter case the cultivators or traders feel that they must sell in order to avoid loss later on. In the case of a statutory price there is no such impelling necessity to sell, as there is always a chance of finding some way later on of selling at a profit in the black market. Besides, how can a price be determined which the cultivator would regard as " inherently fair " ?. With changing price levels a price that might appear reasonable now, may be unfair a little later. If the statutory price is fixed for the whole year while the price index of consumers' goods keeps rising, it would be manifestly inequitable to the grower. If the statutory price is changed from time to time in accordance with the general price level, then the cultivator is tempted to hold on to his produce in the hope of selling when the statutory price is raised. The question whether this statutory price would be static or would be liable to variation from time to time in parity with the general trend of prices was raised before the Committee and the line taken by the advocates of statutory price control was that the price would be notified from time to time and would not be static. In fact in course of discussion the expression " Notifid Price " displaced " Statutory Price ". The conclusion therefore is that if you have a price that remains fixed for a certain period, despite variations in the general price level, such a price operates unfairly on the cultivator who will in the circumstances, certainly withhold his surplus from the market. If, on the other hand, the notified price is altered from time to time in parity with the general price level, then again the cultivator is tempted to withhold his produce in the hope of getting a higher price later. There appears therefore to be no convincing reason for the supposition that statutory prices will induce supplies to come to the market.

As regards the second argument, a statutory price will no doubt be anti-inflationary so far as the producer is concerned. But it will be the reverse in the case of the consumer who will then have more to spend on other commodities. The anti-inflationary argument therefore has only limited application. So long as expansion of the currency continues—and this is inevitable during the war—and so long as supplies of consumers' goods remain severely restricted, the general inflationary tendency is likely to continue, unless the excess purchasing power is effectively mopped up by taxation, compulsory savings, etc.

It is not clear whether it is proposed to have an all-India statutory price with differentials for different provinces and States. This is a matter of the utmost importance. On what basis are these differentials to be calculated ? How are the price differentials between the different foodgrains *inter se* to be determined ? These differentials differ from province to province and even from district to district. How is the whole gamut of foodgrains prices to be related to the general price level ? What will be the actual mechanism of the working of this system of controls ? In the course of discussion it was suggested that the natural unit for price control was the district, and the inference therefore is that prices will be fixed in each district by the District Magistrate. The danger of such a policy is obvious. The only two provinces where there appears to be some form of statutory price control are Sind and *Bihar. In a small unit like Sind with its special local conditions it may be possible to impose a system of statutory controls, but even Sind has had its difficulties. In Bihar prices are fixed by District Magistrates in consultation with non-official committees, and are reported weekly to the Bihar Controller of Prices, who scrutinizes them and attempts to coordinate them. The fact is that in Bihar, unlike Sind, price control is exercised at the base and is not imposed from above. It has taken more than two years to bring the system fully into operation and even now we are told it falls far short of perfection. But it has not induced supplies to come to the market—a fact that controverts the argument regarding procurement advanced in support of statutory control. Apart from Bihar and Sind, no other province has adopted statutory price control. Even if the system is found workable in certain parts of the country owing to the existence of favourable local conditions, it cannot be applied to every province and State, with their diverse problems and conditions.

In the United Provinces control of prices by notification was attempted in March 1943 and the three conditions laid down in paragraph 17 of the chapter on " Prices " namely—

(a) Adequate procurement machinery.
(b) Drastic enforcement of the Foodgrains Control Order,
(c) Effective control over transport,

were present. Our experience was that supplies dried up completely despite the fact that the notified price was fixed at a generous figure. As there was a continued rise in the cost of living index and of the articles which are in demand by the cultivator, this notified price was soon considered to be too low, and the cultivator refused to sell at that price. This illustrates the danger of attempting to control the price of foodgrains when control over other commodities is not fully effective.

Another point for consideration is that even if provinces are compelled to accept a system of statutory price control, no such compulsion can be exercised in the case of Indian States. The dangers of this are obvious.

It would be in practice impossible to enforce a statutory price throughout the length and breadth of the country. It would clearly be unwise to pas

*Abandoned during the "Free Trade" episode.

an Order which could not be effectively enforced and would only be brought into contempt. It is common experience that as soon as the price of an article is " controlled ", it tends to disappear from the market, and the hoarder and the racketeer flourish at the expense of the consumer and law-abiding trader.

If the prices of foodgrains are statutorily controlled, there will be a tendency on the part of the cultivator to grow crops whose price is not controlled, and especially cash crops. The effect of such a tendency on the food situation and the " Grow More Food " campaign would be disastrous.

In view of the above considerations it would be dangerous to impose on all provinces a compulsory system of statutory price control. Those provinces who wish to adopt it may be allowed to do so, but there should be no compulsion on those who consider it unworkable within their borders.

A ceiling price, it is agreed, could be very effective under certain conditions. These include monopoly buying by Government, substantial marketable surpluses, the possession by Government of sufficient reserves, an efficient procurement agency, and control over transport. But these conditions are equally necessary to make effective a system of statutory price control. If these conditions exist, the ceiling price determines the market price, without invoking the assistance of legal sanctions. Nor would any elaborate organization be necessary, as is essential in the case of statutory control. It also possesses greater elasticity, and price changes can be made by executive order. Ceiling prices have been found to work successfully in Madras and the Central Provinces, and now in the United Provinces, where the necessary conditions are rapidly being attained. A ceiling price which is effective, also has the great advantage over a statutory price that it does not bring the law into contempt, as will inevitably be the case with statutory prices which cannot possibly be enforced in every single transaction throughout the length and breadth of the country. If a law cannot be effectively enforced, it should not be imposed. The conclusion therefore irresistibly is that a ceiling price which is *effective*, would achieve the desired end of keeping prices at a reasonable level, without suffering from the attendant dangers and difficulties implicit in a system of statutory control.

RAJESHWAR DAYAL,
Representative of the U. P. Government.

MINUTE BY MR. FAZAL IBRAHIM RAHIMTOOLA.

1. This Committee was appointed to make recommendations both of policy and for administration for securing for the duration of war maximum supply, equitable distribution and proper control of prices in relation to foodgrains.

In the concluding remarks, paragraph No. 4, it is stated " there is no reason whatever to suppose that the problem of procurement will cease with the cessation of hostilities, an event which is itself conjectural. There is every reason on the contrary to suppose that for at least sometime, it may well be two or more years after cessation of hostilities the world as a whole will be short of food and shipping.....India must build up an organisation which will be capable of functioning and functioning well for an indefinite period of time ahead ".

I feel that in the recommendation concerning procurement, sufficient attention has not been devoted to the important consideration above mentioned. The Committee admit that from the standpoint of principle, the only completely satisfactory solution would be a Central Government's foodgrains monopoly. They, however, state that the problem of staffing, organisation and administration involved are so great and the need of a situation so pressing that the necessary time is lacking. The above conclusion suggests an approach on the basis

of a short-term need. Since it is agreed that the crux of the food problem lies at present in the procurement of the necessary foodgrains, it is to be regretted that the report gives little indication as to how this vital problem is to be tackled. It contents itself by laying down that the problem of procurement should be tackled by provinces in such manner as they consider best in view of local conditions. This is doubtless due to the desire to avoid wounding provincial susceptibilities. But I am of opinion that a clear lead should have been given in the report on this aspect of the food problem.

2. (i) In normal times food grains come into the market in three ways :—

(a) A number of beoparis go round to the villages, inspect the grain while it is standing in the threshing floor, and purchase the same : they then transport it themselves to the secondary *mandi* and there they sell it to the kucha arhatya or commission agent or to the pukha arhatia or merchant who buys on his own behalf as the case may be.

(b) Some cultivators especially those who live near the *mandis*, take their own grain to the *mandis* themselves and sell it there to the kucha or pukha arhatia.

(c) Cultivators hand over their grain to the banias or landlords from whom they have borrowed money and they in turn sell it in such manner and at such time as they please.

(ii) In most areas the greater part of the grain that comes to the market comes by the first of these methods, *i.e.*, through beoparis. These itinerant purchasers do not sit at headquarters and expect the grain to come to them. They go round to the villagers and by offering a suitable price induce them to part with their grain. Their profits and, therefore, their very existence depends on the extent to which they are successful in obtaining large quantities of grain from the villages and so they try their best to do so. It is my considered opinion that unless the services of these trained and experienced beoparis are utilised to collect grain from the villages, the procurement policy will not be successful.

(iii) The usual system which has been adopted by provinces is that a buying agent is appointed for the province or for a group of districts. This system cannot succeed when there is a shortage of food grains. The favoured buyer naturally wishes to employ his own men, with the result that large number of local beoparis and arhatias are thrown out of business. They are, therefore, driven for their very existence to buy in competition with the Government nominee, to force up prices and to sell in the black market what little they can get hold of.

(iv) The system of purchase through Government employees is equally unsatisfactory. It may work in areas where there is a large surplus which the cultivators are not in a position to dispose of otherwise. But it will not bring out all the grain that would come into the market in normal times and it may even result in decreasing future production.

(v) I am, therefore, of opinion that the only sound way is to utilise the trade—the whole of the trade, if possible, and not merely a small section thereof—for securing grain from the primary producers. At the same time it is necessary to ensure that the various sections of the trade work under proper supervision and control, for the welfare of the people rather than for their own profit. I accordingly outline below a tentative scheme for the purpose.

3. (i) Every beopari who is willing to work as such should be licensed as a purchasing agent. He should be assigned a suitable area from which he should purchase and given a monopoly for purchase in such area, *i.e.*, no one else should be permitted to purchase grain in that area (save as provided later). He must purchase the grain both in the villages in his beat and at the *hats* or *mandis* situated there. He should pay the price fixed for that region, subject to such premia or deductions for quality as may be laid

down. He should take the grain purchased to a suitable centre or mandi and be given a suitable commission, in addition to the cost of freight, sufficient to leave him an adequate margin to cover his cost of living.

(ii) The price which a licensed purchasing agent should pay to the cultivator in each region should be determined after consultation with the interests concerned. This price should take into account (i) the change in the cost of living, (ii) the price obtainable for alternative crops (mostly non-food) and (iii) the price paid for the grain in consuming markets. Such prices should be widely announced so that cultivators may know what price to expect and so prevent any unfair dealings with them by the licensed purchasing agent. The priced fixed for purchase at the mandi will be based on the price fixed for purchase from the cultivators plus the commission payable to the licensed purchasing agent and the recognised market charges.

(iii) At each mandi, the arhatias who wish to continue in business should be licensed and no one should be allowed to work as an arhatya unless he is so licensed. Wherever possible these licensed arhatias should be encouraged to form an Association of their own. This Association or the licensed arhatia will be empowered to purchase from those cultivators who bring their grain to the mandi at the fixed price which will be duly posted up at the mandi and will also take over the grain brought to the mandi by the licensed purchasing agents. The grain so bought or received will be stored by the licensed arhatia at the mandi on behalf of Government. He should arrange to despatch the grain by rail, road or boat, as the case may be in accordance with the instructions received by him from Government from time to time. He should be allowed a suitable commission for his services in connection with the storage, care and despatch of grain.

(iv) No railway, lorry or steamer transport should be provided for anyone other than a licensed arhatia.

(v) At each consuming centre there shall be one or more licensed receiving agents to whom the grain would be consigned from the mandis ; an arrangement can be made by which each regular wholesale importer is appointed as a licensed receiving agent in respect of grain despatched from particular mandis. Such agent would take delivery of the grain, store it and distribute to licensed selling agents (retail dealers) in accordance with such directions as may be issued to him from time to time. He should be allowed a suitable rate of commission and should charge from selling agents such price as may be fixed after allowing for transport, storage, commission, etc.

(vi) The retail dealers who will be the licensed selling agents will sell to the consuming public in accordance with their ration cards at such prices as may be fixed for the purpose and posted up at their shops. They should be allowed a suitable commission on sales. There should be an adequate number of such selling agents, each with his own regular clientele so that persons may not have to wait long in queues in order to obtain their needs.

(vii) In short, the scheme presupposes (i) the enforcement of rationing. (ii) the enforcement of the principle of price and commission fixation by negotiation at fair levels, (iii) the utilisation of the trade at all stages for doing almost the whole of the work, (iv) the appointment of a suitable inspecting and controlling staff and (v) the provision of such finance as may be necessary both for working expenses and for meeting losses, if any.

4. (i) This brief outline of a procurement scheme is open to criticism on the ground that certain points have been left vague. This, however, is intentional as it is desirable that it should not be too rigid and inelastic. Some of the points which perhaps need to be cleared up or the difficulties that may be anticipated may, however, be briefly referred to here.

(ii) The first important point that needs to be cleared up is as regards the quantities that are to be purchased. The essence of the scheme is that all the grain that can be obtained at the price fixed should be bought. This, however, does not mean that it will all be sent away elsewhere. Once it is known how much is available, it will not be impossible for a suitable body to determine how much should be kept for local requirements, how much sent to other deficit areas in the province and how much sent to meet the needs of other provinces.

(iii) It has often been argued that the purchasing organisation should only concern itsef with such quantities as are required for other provinces. This system has been tried and found wanting. It sets up two or more opposing organisations each trying to obtain grain for its own requirements, *viz.*, one for the province and the other for outside the province. For orderly purchase, it is essential that there should be only one organisation which would obtain all the grain available ; this can then be distributed equitably.

(iv) A similar difficulty is apt to arise if a purchasing organisation is set up in some districts which are supposed to be surplus and not in others. The fact is that even in those districts which are said to be deficit, a large amount of grain does come to the market. If proper arrangements are not made for taking over this grain and giving it out later in the same area, if necessary, there will be a tendency for this grain to disappear and go into the black market and the shortages in these deficit districts will thus be enhanced.

(v) Hence if the work is to be satisfactorily done, there is no alternative but for the purchasing organisation to buy all that it can get and to try to get as much as possible from all areas, whether classed as surplus or as deficit. It is the subsequent distribution between the two types of areas which would differ.

(vi) There is no need to be frightened by the magnitude of the task that will face the organisation. The task is tackled in normal times by the trade, in spite of its magnitude. And if the system that has been suggested above is adopted, it will continue to be tackled by the trade in exactly the same way, except for the fact that it will work under certain restrictions and subject to such conditions as may be laid down.

(vii) Another difficulty that may be brought forward is that of the time factor. It may be argued that it may take months if not years to build up the sort of organisation that is contemplated. As a matter of fact the organisation is already there waiting to be used. The only work needed is to ask all the beoparis, etc., to apply for licenses by a particular date indicating the zone which each one prefers. Each district officer would then call a meeting of the beoparis and settle their beats and give them licences free of charge. Similarly in respect of retail dealers. Given the co-operation of district officers, the whole machinery can be built up and get going in a few weeks.

(viii) It may be asked as to where the organisation will get the money from. How does the trade get the money in normal times ? However, if there is any difficulty about the beoparis, arhatias, wholesalers or retailers in finding money under war conditions, in view of the fact that they will not be able to make profits by price manipulation, but will have to work on a fixed margin, it will be for the Central Government to come to the rescue and find the necessary finance.

(ix) I may give some idea of the maximum amount of money that is likely to be needed. Of the major foodgrains estimated at about 54 million tons in the report, only about 1|3rd normally come into the market of these, 18 million tons, roughly half is *kharif* and half is *rabi*. The cost of 9 million tons at Rs. 10 per maund or Rs. 272 per ton comes to nearly 250 crores of rupees. Allowing for turn over, probably 100 crores is all that would be needed

in the *kharif* and a like sum in the *rabi*. This is on the presumption that the trade will not be able to find any part of the money required ; in actual practice even 1|10th of this amount may not be needed.

(x) Next, there is the question of the fixation of the price. I do not consider that there will be any practical danger of beoparis trying to purchase grain at below the prices announced. If cultivators know what prices they should get, they will stick out for the same. Any beopari who tries tricks of this kind runs the risk of losing his licence and being thrown out of the trade and employment for the rest of his life. Similar difficulties had been apprehended ten years ago when a minimum price was fixed for sugarcane, but experience showed that in actual practice these anticipated difficulties did not materialise save in exceptional circumstances and for brief periods.

(xi) A more serious practical difficulty may arise if the cultivator is not prepared to part with his produce at the fair price fixed. If, however, this price has been fixed after consultation with representatives of cultivators, and bearing in mind the principles enunciated in this connection, I do not anticipate that there need be any difficulty on this score. It is only when an attempt is made to lay down prices by bureaucratic methods, without adequate consideration of the realities of the situation, that trouble arises.

(xii) Finally I come to what is perhaps the most important point, *viz.*, who is to run a scheme of this kind, *i.e.*, who will be the controlling or deciding authority in respect of the various points that will arise.

(xiii) There appear at first sight to be three alternatives :—

(i) the work may be entrusted to the Provincial Government concerned,

(ii) the task may be taken up by the Central Government, and

(iii) an all India Commercial Corporation may be established which will take up the work in consultation and collaboration with both the Centre and province concerned.

(xiv) Hitherto, the task of procurement has been entrusted to the provinces and the results are known. It is only natural that when one province has to try to procure grain for another it will not take up the task with any great zeal. It has moreover to think of its own future ; the next harvest may fail ; hence a sufficient quantity of grain must be kept in the province till the new harvest comes in, whatever hardship may be caused elsewhere. Further provincial authorities cannot control transport and there are apt to be bickerings on that account. The provision of the necessary finance is also apt to present difficulties. Hence I am doubtful about the wisdom of leaving the task of procurement to the provinces.

(xv) The third alternative entrusts the work to a body which knows and understands business methods. This would probably cause the least dislocation. But I realise that it will take time to set up such an organisation.

(xvi) It thus appears that for the time being, the only feasible alternative is that the work should be carried out by the Central Government. This suggestion, however, is likely at least in the first instance to meet with opposition from most of the provinces. They have been exercising powers which they will naturally not like to give up. But we must face facts. Where questions of national well-being, nay of existence itself, are involved, the Centre cannot divest itself of its responsibilities and take shelter behind legal difficulties. Theoretical considerations must give place to questions of practical results.

(xvii) It must, however, be pointed out that from the practical point of view it is necessary to retain the good-will and co-operation of the provinces.

And it can be argued that so long as they are not willing to entrust the task to the Centre, there is no alternative but to leave it to them. No scheme can be made to work if the Provincial Governments decide to oppose it and to prevent it from being worked. I realise the force of this contention. But I may well ask, what reasons are there for supposing that if the scheme is explained fully to the provinces, they will not withdraw their opposition. I consider it to be the duty of the Committee to guide public opinion aright in a matter like this instead of taking failures for granted.

(xviii) The best and simplest arrangement in my opinion is that the work of procurement should be entrusted as soon as practicable to a suitably constituted Commercial Corporation. Till this is established, it should be taken over by the Central Government with the aid of a suitable Board or Standing Committee, provided the provinces primarily concerned can be induced to agree.

(xix) If, however, they are not prepared to accept these arrangements, a more complicated system of work acceptable to all concerned has to be devised. The licensing of beoparis may rest with the Provincial authorities. Supervision and control over them should also be their function at least till a suitable Commercial Corporation is constituted and can take over this work. Price determination for each area must rest with the Centre, acting in consultation with Provincial representatives and especially the growers. Full information about the control over the stocks at the various mandis should vest jointly in the Provincial and Central Government and distribution will be ordered in accordance with the instructions of a small Standing Committee or Board representing the interests concerned, till the Commercial Corporation starts functioning. The licensing of wholesale and retail dealers in the consuming areas will have to be left to the consuming province subject to supervision by the Centre to ensure that the grain available is utilised for the purpose for which it is meant and is not hoarded or otherwise improperly handled.

(xx) I see no reason why proposals along these should not be acceptable to Provincial Governments. It may, however, be made clear that the mere fact that provinces oppose procurement by the Centre does not mean that the method of procurement which has been suggested by me cannot be adopted. It is not an integral part of the scheme that procurement must be by the Centre. To put it another way, the scheme of procurement which has been outlined by me can and should be worked even if procurement remains with the provinces.

(xxi) A further objection has been raised as to what will happen if provinces simply refuse to co-operate. It seems hardly necessary to consider such hypothetic and imaginary questions seriously. I might as well ask what would happen if Coorg were to declare war on Government of India or the sun were not to rise. The provinces are responsible bodies and have consistently shown a high sense of their responsibilities. Naturally they have to look to their own interests first. But if they are fairly treated, I am confident that their full co-operation will always be secured.

5. To sum up, my recommendations are :—

(i) The system of procurement explained by me be adopted with sueh minor modifications as may be deemed necessary.

(ii) An all India Commercial Corporation be set up as early as practicable which can take over the work of procurement and distribution, subject to the control of Government.

(iii) Till then, the Centre should take over the task aided by a suitabl. Board or small Standing Committee or other suitable arrangements made with the Provinces to secure their full co-operation along the lines suggested.

FAZAL IBRAHIM RAHIMTOOLA.

Minute of Dissent by Mr. H. S. Kamath, representative of C. P. Govt.

Subject :—*Prices* (*Chapter* 8).

I have not found it possible to agree to the recommendation that *statutory* price control should be instituted for *all* major foodgrains *throughout* the country. Let me make it clear at once that I am no believer in the theory that prevailed in certain quarters sometime ago of trying to " prise loose " stocks by a system of loose (uncontrolled) prices. My disagreement with a majority of my colleagues is merely on the question as to the means of keeping prices within bounds of sanity. The alternative method has also been indicated in the report (paragraph 12 of Chapter 8), where it has been called " the system of ceiling prices " and which I would personally prefer to call the system of *procurement* or *executive ceilings* (as opposed to *statutory* maxima). The words italicised adequately indicate the character of these ceilings, which are to be laid down in the course of procurement operations by an executive act, (and not by Statute or orders or notifications having the force of law). In paragraph 12 the system has been described as " a form of market manipulation in which the Government abstains from purchasing when the price touches a certain figure, in the hope that its purchases are such a large proportion of the total that the price will fall below the ceiling limit ". There need be, however, no abstention in fact, if the Government has entered the market as the sole buyer and has left none in doubt of its intention to continue to be the sole buyer. This has, to some extent, been recognised later in the paragraph where it has been said that the " system of ceiling prices " might prove successful, if the Government were the sole purchaser. But in fact monopoly buying (in other words, the elimination of competition), it is clear will have to characterise all systems of procurement to an increasing degree, if procurement is to attain the success which we all desire. This would apply, whether we decide upon statutory price control or control by regulation of procurement ceilings. The fact, therefore, that monopoly buying will have to be the ' sine qua non ' of success of the alternative system of procurement ceilings need not in any way retract from its value.

2. Having described in some detail the basis of the alternative method I have in view, let me examine the conditions, subject to which the majority of my colleagues think that statutory control should be instituted. One of the three " minimum conditions precedent to the establishment of statutory control ", in their view, is an adequate procurement machinery. No procurement machinery will be adequate, unless it is able to procure the maximum supplies, available, within price ceilings prescribed from time to time. If it is able to do so, the Government employing such machinery will be able to control the prices of all supplies procured, without having to resort to any sort of statutory control. If is is not able to do so, the very first condition considered essential for the institution of statutory control does not exist ; and no such control will be possible.

3. It has been suggested to me that statutory price control as envisaged by the majority of my colleagues is not very different from the plan of controlling prices by the regulation of procurement ceilings. I am afraid I cannot agree. In the first place, statutory price control involves the passing of orders or notifications which have the force of law and as the majority wishes to control the prices of all major foodgrains throughout the country, a large number of such orders or notifications will come into force in every part of India, when effect is given to the recommendation. On the other hand, the prescription of procurement ceilings is an executive act not involving any ' legislation ' and so also requiring a retailer to sell supplies thus procured not above certain prices is also an executive act. A British expert who gave evidence before the Committee said, " In the United Kingdom the Ministry of Food never makes an

Order, unless it is perfectly satisfied that it can be carried out. It is useless to pump out legislation if you cannot enforce it. One becomes a laughing stock of everybody and the whole thing becomes a farce." How apt these observations are should be obvious to those who have some knowledge of the working of statutory control of wheat prices. The majority of my colleagues, I am aware, are not inclined to attach any importance to this episode in judging the issues involved ; but not even the warmest advocate among them of statutory control will claim that there will not be any breaches of the law. This is what I wish to avoid. In war time, even more than in peace time, it is important that the Law should not be brought into ridicule. When prices are controlled by executive action, such action can effectively deal with any difficulties that might arise. For example, if a retailer should be found charging prices higher than those communicated to him, he can be black-listed for all time, if necessary. Because where Government controls supplies, it is the master of the situation.

4. Secondly, when prices are controlled by statute, it is undesirable that they should be changed frequently. This factor introduces an element of rigidity in them, which is likely to prove an obstacle to procurement. On the other hand, procurement ceilings by their very nature can be regulated, within bounds, from time to time, in accordance with market conditions, more or less in the manner followed by the trade in normal times. This flexibility gives procurement ceilings, in my opinon, a decided advantage over statutory maxima, in so far as efficiency of procurement is the governing consideration. It may be argued that even when statutory maximum prices are fixed, it is possible to make changes, as and when necessary, within those limits. But it is a notorious fact that when maximum prices are fixed by statute, the maximum always tends to be the minimum.

5. Thirdly, even if statutory control were considered a very desirable end in itself—if it could be achieved—it should be obvious that administratively the task would be one of stupendous difficulties. Let it be remembered that control of prices is desired, not of any single foodgrain or of a few articles, but of all major foodgrains *and* in addition of " an increasing number of non-agricultural commodities particularly those necessary to the cultivator ". In other words, the majority of my colleagues are asking for what has been called " blanket price control " in a considerable sphere of Indian economy. One of our most important witnesses, speaking with undisputed authority and knowledge, said that blanket price control was " an extremely doubtful remedy in Indian conditions ", that it was not " capable of being administered in the conditions of India " and " would merely result in enormous black markets and in the situation getting out of control ". This witness further said, " blanket control would have been possible in the first month of the war.....but once movements had begun they were bound to be irregular and out of step with one another. Once that had gone any distance, a blanket price scheme would be faced with the objection of inherent injustice. That is the serious drawback to a blanket price scheme, unless it is imposed at the very beginning before prices begin to move ". In the course of our discussions several supporters of statutory control did realise the enormous administrative difficulties that would arise in giving effect to the idea, but thought that they could be got over somehow. Actually, in view of the conditions which the majority consider should be fulfilled before statutory control can be instituted, it is unlikely that such control on the scale contemplated could become operative in the near future. In the meanwhile, it seems to me that the only practical proposition is to carry on with procurement, and if procurement operations are everywhere marked by vigour and efficiency—not merely in surplus areas but even more so in deficit areas—the problem will have largely been solved of itself.

6. It is perhaps unnecessary for me to say that I am by no means opposed to the continuance of statutory control where, we gather, it has been hitherto attempted successfully, as for example in Sind. But it will be a mistake to aim at uniformity in this vast country. There is room for diverse methods, provided there is agreement as to essentials and objectives.

7. Next, in the event of statutory price control becoming an accepted policy, it has been said that the Centre should have the right to suggest changes of prices both upwards and downwards. It has been elucidated in the course of discussion that the suggestions made in this behalf are meant to be carried out and not merely considered. As paragraph 18 says " It is easier to see why the Centre should have the right to suggest changes downwards than why upward changes may also be suggested ". " But ", it is argued, " in the case, for example, of a surplus province, a change in price upwards may be a necessary condition for securing an additional supply for some deficit area ". This may or may not be so ; because in certain parts of the country, at any rate, high prices by themselves have ceased to influence the cultivator to part with his stocks. Assuming however that the argument is correct, it must be realised that the rise in prices thus brought about by a direction from the Centre is bound to react adversely to the interest of the consumer in the surplus province concerned. This will be unfair to him as also to the Government of his province which has tried with success to keep prices within limits, considered fair for all concerned, producer and consumer alike. If therefore the Centre is to exercise this right of forcing prices upwards in a province, which has successfully kept them within bounds, in the interests of some other province, justice demands that either the Centre or the Provincial Government that benefits from the transaction should be prepared fully to subsidise the consumer in the province whose prices have been forced up. In other words, the exercise of this right, as of any other, cannot but be accompanied by the discharge of the responsibility that follows in its wake. It is partly for this reason that I am not in agreement with the statement made in paragraph 23 that " a policy of subsidisation must remain a matter for the Local Governments to determine." It should be clear from this discussion that in certain circumstances, at any rate, a policy of subsidisation in the provinces becomes a moral responsibility of the Centre.

H. S. KAMATH,

Director of Food Supplies and Additional Secretary to Government, C. P. & Berar Food Department.

NEW DELHI ;
The 12th September 1943.

MINUTE OF DISSENT BY MR. H. S. KAMATH, REPRESENTATIVE OF C. P. GOVT. AND MR. R. A. E. WILLIAMS, I.C.S., REPRESENTATIVE OF BIHAR GOVT.

SUBJECT :—*The Basic Plan (Chapter 9).*

The majority of the Committee have recommended the adoption of a rather new formula, for calculating surpluses and deficits in place of the one employed by the Food Department for the preparation of its first basic plan. It has been realised that the new formula is by no means the ideal one and the Food Department has therefore been asked continuously to undertake ' the study of more appropriate formulæ. Our own idea is that the Food Department was on the right track in suggesting the formula it did in February, 1943. All that was necessary was to make certain changes in it, in the light of circumstances that the Food Department had overlooked.

2. The Food Department's formula may be summed up as follows :—

(a) the current surplus or deficit in each grain is the difference between current production and consumption of that grain,

(b) consumption is to be calculated on the basis of figures for the three-year period immediately preceding the outbreak of the war, namely 1936-37, 1937-38 and 1938-39.

(c) consumption in each of these three years is to be taken as—

(i) production *plus* net imports

or

(ii) production *minus* net exports.

(d) *consumption of each grain for the purpose of clause (a) above is to be the lowest of the three figures obtained under clause (c) above.*

3. In the actual application of the formula, however, the following clause was, in effect, substituted for clause (d) by the Food Department

(d')*consumption of each grain for the purpose of clause (a) above is to be its consumption during that year of the triennium [referred to in clause (c) above], in which the total consumption of all foodgrains was the lowest for the triennium.*

4. The only further change that was necessary, in our opinion, was to substitute a further revised clause for clause (d') :

" (d'')*consumption of each grain for the purpose of clause (a) is to be its average consumption for the triennium [referred to in clause (c) above] as a whole.*".

We shall explain why. The object of clause (d') and, even more so of clause (d), was not so much to estimate requirements fairly, as to produce the biggest surpluses and the smallest deficits on paper. This, it has now been recognised, was a mistake. When a shortage exists—this is now no longer in doubt—the remedy is not just to ignore it, but to face the fact and, if the shortage cannot be made good by imports from abroad and/or by growing and procuring more food within, to draw the inevitable conclusion. As this view now finds general acceptance, not much further argument is necessary, in favour of the revised clause (d''), we have suggested above. The average for the period should surely furnish a fairer and more equitable basis for calculating requirements rather than the figures for any particular year of the period—all the more so considering that it has been found necessary to ignore the carry-over at either end.

5. The formula needed clarification in one respect. It depended mainly on two factors :

(a) crop production figures (from provincial agricultural statistics) and

(b) in-land trade figures (of rail and river-borne traffic).

The crops produced in any particular agricultural year come into consumption largely during the trade year following. In other words, the crops grown in the agricultural year 1938-39 are mostly consumed in the trade (financial) year 1939-40. Thus as against the production figures of the three years 1936-37, 1937-38 and 1938-39 mentioned in clause (b) of paragraph 2, must be set respectively the trade figures of 1937-38, 1938-39 and 1939-40. This position has also been accepted, as far as we are aware, by the Food Department.

6. Our colleagues, however, do not wish to stop with the trade year 1939-40, but wish to come right up to the trade year 1941-42 ending on the 31st March, 1942. Further they do not think it necessary to differentiate between the production and the trade years in the manner we have indicated ; they would set, for example, the production figures of 1938-39 against the trade figures of the same year. And finally, they would not confine themselves to the pre-war period but would take the entire five-year period ending on 31st March, 1942, into consideration.

7. It is admitted that it would be more realistic to set against the production figures of any particular year the trade figures for the year following ; but it is argued that the longer the period under consideration, the smaller will be the difference between the results that the two methods would give. This is true ; but we wish the period were longer than 5 years and further that it covered as few months as possible of the War. In calculating normal requirements we should try, as far as possible, to prevent the intrusion of abnormal factors. It is generally agreed, we believe, that wartime demands on the country's transport system did begin to affect movements of foodgrains adversely, not very long after the commencement of hostilities. This abnormal factor was naturally aggravated as the War proceeded and in particular after the entry of Japan into the War. The five-year period ending the 31st March, 1942, which the majority have recommended, would include nearly four months of the war with Japan. Before the last year of this period was out, movements of grain had begun to be affected in certain other ways too. Maximum prices had been fixed for wheat in the Punjab, the United Provinces and Sind. Movements of foodgrains had also begun to be controlled in certain parts of the country. In the Central Provinces and Berar, for example, control was operative from the 14th March, 1942. Our impression is that at least one other province and some of the Central Indian States had taken somewhat similar measures even earlier.

The advantage which the majority see in coming right up to the year 1941-42 is that the results thereby obtained will allow for increase of population, more than would be the case if only the pre-war period were taken into consideration. This argument needs rather careful examination. The average consumption figures obtained for the five-year period ending 1941-42 can only be regarded as the consumption requirements of the population of the mid-year, namely, 1939-40. On the other hand the average obtained for the consumption triennium ending in 1939-40 which we have suggested, following the Food Department, would give the consumption requirements of the population of 1938-39. Actually therefore the accuracy which the majority claim for their formula in this respect is not so great as might appear, at first sight. In either case, allowance has to be made for the increase in population that has taken place since the mid-year of the period ; in the one case since 1939-40 and in the other since 1938-39. If our general argument is correct, the balance of advantage, it seems to us, does certainly lie with the original Food Department formula, modified in the manner suggested by us. It is more realistic and also it avoids abnormal factors.

8. Whatever be the formula finally adopted, it must be remembered that the surpluses and deficits calculated are no more than statistical surpluses and deficits. It would be entirely erroneous to conclude that the whole of the statistical surplus in any particular grain can be made available for export to other parts of the country. Many reasons can be given for this view. In the first place, the accuracy, both of production figures and of trade figures, is of a limited character. Secondly, while production figures relate to a province, trade figures are for a trade block, which in many cases includes certain of the neighbouring States. Thirdly, trade figures relate only to rail and river-borne traffic and take no account of what has been brought in and taken out by road. Fourthly a considerable part of the statistical surplus is held by hundreds of thousands of small cultivators, each holding a stock, relatively insignificant in itself, but cumulatively producing a very considerable figure. It is impossible to get these small surplus stocks from such cultivators ; and even if it were possible, the question would arise whether it would be wise to deprive them of these small quantities to which they are accustomed and which in the past they have been encouraged to hold as their private famine reserves.

Other reasons will no doubt suggest themselves to provinces immediately concerned. The formula cannot therefore be applied with rigidity. The surpluses and deficits calculated according to it must be compared with past trade statistics, in order to get an idea of how much can reasonably be expected out of a province and how much a province can reasonably expect from outside, in the circumstances of the current year's production. In other words, production figures will have to be tempered with trade figures of previous years.

9. We now come to the difficulty experienced by provinces like Bihar in applying either of the formulæ discussed in the preceding paragraphs. They can work only where reasonably accurate production statistics are available or where, in other words, a reasonably efficient land records system is in operation. That is not the case in Bihar and certain other parts of the country. Their production figures are largely a matter of guess-work and therefore one of the two principle factors on which either formula is based is, to say the least, a quantity of doubtful value and of even more doubtful utility. We are, therefore, of the opinion that in provinces like Bihar, past trade statistics should be the governing consideration, in drawing up that part of the basic plan which concerns them. It is not that production figures will be altogether ignored ; but they will be of secondary importance. In other words, in these areas surpluses and deficits will be calculated on the basis of trade figures of previous years tempered with production figures—a process reverse to the one applicable elsewhere.

(1) H. S. KAMATH.
(2) R. A. E. WILLIAMS.

NEW DELHI,
The 12th September, 1943.

NOTE BY MR. D. P. KHAITAN, M.L.A.

While I agree with most of the conclusions and recommendations of the Committee, I regret that there are still some matters on which I should like a different emphasis to be laid and others where I differ from the conclusions of the Committee. At the outset, I must say that I am grateful that most of my proposals in the matter of increased supply, additional incentive to the cultivators, stoppage of exports, provision for imports of foodgrains and machinery, etc., have been accepted by the Committee.

2. *Central Commission.*—At the same time I strongly feel that the food problem in this vast country changes from time to time and varies from province to province and from district to district and therefore no stereotyped rules can hold good for any length of time. The administration of the food department should be kept elastic and adapted to the changing needs of the times and localities, both surplus and deficit. It is in these circumstances that I suggested that a small commission or committee consisting of not more than six members of the business community, should be attached to the Food Member to advise him about policies, methods of procurement and distribution, transport problems, etc., and which should also be able to watch that their policies were properly carried out by the Department. Such commission or committee would be better able to negotiate with the surplus and deficit provinces and bring to bear a broader outlook on the whole problem. This committee would be in a better position to advise about the prices and on the quantities essentially needed to be imported from abroad and as to the ports where such imports should be made. I regret, however, that the majority of the Committee did not approve of my idea on technical administrative grounds which, I think, should not be allowed to stand in the way of a correct procedure being adopted.

3. Another reason for my proposing the aforesaid procedure was that I strongly feel that food matters in the country should be above politics of any kind, whether party politics or bureaucratic methods. The fullest co-operation of all sections of the public is absolutely necessary to solve the difficult problems.

4. *Famine Conditions.*—I am emphatically of the opinion that it is the clear duty of Government to relieve the distress by all means at their command in Bengal and other parts of India so that the other recommendations of the Committee may operate under more favourable conditions. As long as acuteness, bordering on famine, prevails over a large part of India, it is useless to build any hope of successful solution of the food problem on more permanent lines. I emphasise this aspect of the matter because several of the Committee's recommendations, e.g. statutory price-control or indeed any kind of price-control, procurement machinery in provinces and states, distribution arrangements, rationing and above all the building of a central reserve, will have no meaning when famine and the menace of famine, are still with us. So my first recommendation is that all efforts of the Central and Provincial governments should be subordinated to the solving of the distress in Bengal, and other parts of India, where famine conditions prevail and that all the recommendations of the Committee should be regarded as less immediate than the feeding of the hungry and famine-stricken population.

5. " *Grow More Food* ".—The Committee has made several useful recommendations with which I am in wholehearted agreement. But I would emphasise that every proposal contained in chapter 3 should be immediately implemented by Government and that all other recommendations regarding procurement, distribution and rationing really hang upon our ability to increase production and gather larger supplies. The acceptance of this part of the Committee's recommendations by Government is a necessary condition of the success of the others which follow. I have, however, two points to urge. Firstly, there is no other quick way of bringing new areas under the plough in Assam, Madras and other provinces than by Government's using all methods including the giving of adequate subsidies. Secondly, the production of specified consumer's goods which the cultivators will be anxious to buy, should also be speeded up by offer of Government subsidy and other assistance.

6. I do not share the view that the " Grow More Food " campaign has been conducted along right lines or that the results it has yielded have been anything like what they have been claimed to be. Agricultural production cannot be increased by mere words and phrases which have formed the bulk of the munitions in this campaign. I am glad that the Committee has realized that " the only sure way of increasing production quickly is by the extension of irrigation facilities and manuring, the two essential requisites of intensive cultivation " and I attach great importance to this recommendation, among others, that facilities should be provided to industrialists for importation of plant for the manufacture of ammonium sulphate to the extent of at least 3,50,000 tons a year. It may be necessary also to facilitate for business people to go to America or Britain by affording air passage to obtain technical advice and place orders for machinery. Much valuable time has been lost, but by prompt action as recommended by the Committee, it may yet be possible to retrieve the situation. The history of the " Grow more Food " campaign should have some lessons for the Government—one of them being that it is no use exhorting the cultivator to grow more food and at the same time creating conditions like the large-scale slaughter of cattle and the arbitrary fixation of prices which go far to neutralize the effect of that exhortation. I believe that it is possible to obtain a large crop production, but then the Government's policy must be a consistent whole and not self-contradictory to the extent it has been.

7. *Exports and Imports.*—While I do not desire to rake up the past history of this sorry affair where the Government instead of planning for imports permitted large exports of foodgrains to go out, I must express my firm conviction that during the war no real improvement in the food situation will be possible unless imports of at least two million tons are assured. I would replace the formula of the Committee that " India must cease to be net exporter of foodgrains " by the formula that " India, for the duration of the war and until her production drive bears fruit must be a net importer of food ". The Committee seems to be content with arranging for one million tons, but has hardly taken note of the annual addition to our population which is of the order of 5 million per year and of the additional military demands directly and indirectly. There is no margin in this country for any further tightening of the belt ; the belt has already been tightened to an incredible degree. The needs of the civilian population and the military situation both require that Government should accept the recommendation.

8. The substitution of one kind of crop for another in the sphere of production and in consumption is possible up to a limit. An import of wheat will certainly release rice by inducing considerable sections of the population to change over from rice to wheat especially if the price of wheat is also to their advantage. As regards substitution of food crops for other crops, besides the natural inducement of the higher prices of rice, millets and other grains definite methods of encouragement may be devised by the Agricultural Department, e.g., by supplying good seeds at reduced prices to the cultivators and in other ways.

9. *Procurement and Distribution and the Traders* :—I cannot agree with the Committee's recommendation regarding the minor role assigned to the normal trade channels in the matter of procurement and distribution. I agree that where trade organization is weak and Government's revenue machinery is adequate and efficient, official purchase agency may be satisfactory, but over large parts of India, official machinery is weak, inexperienced and too autocratic and cannot gain knowledge and experience quickly or be inclined to co-operate with and serve the public. Further, Government machinery will not be free from corruption and cannot guard against wastage, deterioration, etc., nor be able to discriminate in regard to quality. In a vast country like India, it is the height of folly to think that the present, or indeed any, bureaucratic machinery will be able to cope with the gigantic task of bringing up the entire surplus of the country and distributing it to every nook and corner of the vast country, in the quantity and the time appropriate to each area. They have no business experience. The thing is really impossible and beyond their capacity. On the other hand, the trade channels alone know where surplus really exists and is available and may be expected to get them out. The requisitioning of stocks from the cultivator which in the hands of the Government is open to abuse may be done without difficulty by the trader. The trader can guard against wastage and shortage more effectively. For these reasons the employment of the normal trade channels cannot but be availed of. We cannot also afford to throw them out of employment and add to the existing social problems.

10. Even more important than procurement is the question of suitable distribution which can be efficiently carried out only through merchants experienced in the line. It would be a very shortsighted policy if in any province the traders are thrown out of business. The traders know their customers, are able to give credit, and are further able to arrange, even under control, for the catering of the customers' needs. These factors are essential to make all control and rationing successful. Furthermore, rationing is after

all a temporary phase in the country. I am strongly of the opinion that in a large country like India the policy should be to do away with rationing and control as soon as possible. I venture to say that if from the beginning the matter had been left to normal trade channels and if the Government had made arrangements for imports for meeting the requirements of the military, the grave situation that at present exists would not have arisen. However, even now, every endeavour should be made to repermit normal trade as soon as possible. It would, in the circumstances, be an act of folly if the existing traders are made to lose their business. They should be utilized and their co-operation should be fully and heartily accepted.

11. But the implications of normal trading should be clearly grasped. The pernicious practice adopted in some provinces by which monopoly rights were granted cannot be condemned in too strong terms. My objection to monopoly is not so much that particular firms are favoured at the expense of others, though that in itself is a serious wrong, but rather that only when a sufficiently large number of traders are given the right, will competition of the kind necessary for success be present. All existing traders who are prepared to abide by and accept the conditions imposed by Government should be licensed and allowed to trade.

12. *Central Reserve.*—In regard to Central Reserve, while I recognise its utility and importance, it should be clear that it should be built up only from imports. Before, however, these reserves are built up Government should see that proper quantities of food grains are supplied to those localities where famine conditions exist. While reserves are essential as balancing factors, the time when they should be built up should have regard to all the circumstances of the case. I am not also satisfied that too much has not been purchased for military purposes leading to waste.

13. *Price Control.*—I regret I cannot agree to statutory price control. Statutory price control of foodgrains, as distinguished from the imposition of ceilings, is beset with formidable difficulties.

(a) In the first place, the varieties in rice and other grains are numerous, and the disparities in their prices are in the final result the sum of so complex a number of conflicting factors that the administrative authority will be hard put to it to assess the fair prices as correctly as normal trade channels can in normal times bring about automatically ; and it may not be enough to stop with ceiling certain varieties only.

(b) Even if fair prices are roughly arrived at, the difficulties of enforcement and the emergence of black markets are likely to prove very serious.

(c) The background of failure in enforcing prices of wheat and rice is too prominent to be forgotten by the public, who will naturally count upon its failure rather than its success.

Government cannot risk once again the damage to their prestige and evidence of their ineffectiveness which will arise from price control measures which they cannot enforce. The psychological effects will make other procurement operations more and more difficult.

(d) For effective price control, Government must have at their disposal a certain amount of supply and by manipulating the trade they may influence the market. Therefore the conditions for price control are likely to be more favourable when the Government are in possession of that margin of supply which can cause the difference in the market.

The first is for Government (1) to import the specified quantity and (2) to implement all measures for more production (importation of fertilizer plant, etc.). Government must be in a strong enough position to make an emphatic

announcement that they are importing large quantities and are planning for more production very soon. If the annoucement is followed by the measures in action, the proper conditions of control will have been achieved.

In no case should Government seek to build the initial pool from out of domestic resources. It will precisely cause those undesirable psychological reactions which should be avoided.

(e) Statutory prices suffer from one grave defect, from which unofficial ceilings, enforced unobtrusively by Government agencies, are exempt. These ceilings can be raised in one way or the other without dislocating supply. But frequent revisions of statutory prices will have an unsettling effect. If upward, one revision will cause an expectation of further upward revisions and so result in withholding the supplies from the market. The question of downward revision does not arise for the present in several provinces and states and a downward revision will not have the intended effect of forcing supplies on the market in the present conditions.

(f) To do relative justice to the cultivator, the prices of the consumer's goods and the implements and other productive goods which he buys should be effectively controlled, by making reasonable quantities of them available to them. If steps to this end are taken they will form the most effective single aspect of action which will induce him to part with his produce at reasonable prices. If these supplies are not available at least in moderate quantities and at reasonable rates, the small surpluses of the mass of peasants are unlikely to be tempted out of their holes. No threats, no wheedling can bring them out. They may prefer to eat a little more than give it away at prices which they think are relatively unfair and unlikely to enable them to get other needs of subsistence.

14. I cannot but take exception to the approval and blessing which the Committee has given to the so-called anti-inflation measures recently undertaken by Government. In many provinces the savings drive if enforced will only result in reducing still further the already low standard of consumption. Government have very little data to go upon ; and all their talk of rural prosperity is based on no satisfactory statistical foundation. The Committee in my opinion should not have given any support to these measures as they have not considered the question in all its aspects. Besides, the danger of coercion in collecting the savings cannot also be overlooked. Some may justify the taxing of the rich, but no one can defend an action which will directly hurt the poor who are half-famished and ill-clothed.

15. I cannot finish this note without quoting the opinion of Dr. W. R. Aykroyd, as regards rations to be allowed to the public. The following Bombay Message appeared in the daily newspapers on the 11th September, 1943 :—

" Rations allowed under schemes in operation in India were low even when compared with customary intake and food shortage was likely to have a bad effect on the public health." said Dr. W. R. Aykroyd, Director, Nutrition Research Laboratory, addressing the food-rationing conference here. He added that the problem was being considered by the Central Advisory Board of Health.

" Dr. Aykroyd said that a good deal of energy had been wasted on the Grow More Food Campaigns, India was never self-sufficient in the sense that the population was abundantly or satisfactorily fed. Actually according to his estimate, about 30 per cent. of the population did not get enough food in normal times to cover fully its calories requirements.

" He was of the opinion that one pound of cereal *per capita* might be adopted as a suitable ration. That assumed a normal age distribution of the

population, aimed at carrying the population through the shortage without too serious a lowering of dietary standard, and also assumed that some quantities of pulses, vegetables, oil, sugar, etc., would be available in addition to cereals."

16. *Government making Profits.*—One of the most distressing signs of the recent economic troubles is the tendency of the provincial governments not only to set themselves in business activities but also to take advantage of the needs of the neighbouring areas and profiteer. The logical conclusion of such activities whereby each region is allowed to profit over the difficulties of its neighbour is complete economic anarchy and the one vital factor which needs hardly emphasising is the economic unity of this country. No one single region or area is self-sufficient in respect of all its requirements, and only a system whereby each unit behaves as an integral part of a whole India, has any chance of solving the present economic difficulties. The instances, where the provinces have earned large profits at the expense of the consumers in other areas of the country, are well-known. Any exceptions made in this respect are likely to be extremely undesirable and difficult precedents. If the case of Sind can be justified, the same justification can be urged for the United Provinces profiteering in Gur and Oilseeds. These again may become precedents for the Presidency of Bombay to profiteer by supplying the textile requirements of the country and also for Bihar to profiteer by sending its coal to the various regional markets throughout the country. The country has been used to and has accepted as an axiom, an integrated economic policy. It is only on this basis that any temporary or permanent solution of the present difficulties can be found out. It is a question of such a large importance that the Central Government must not only take a decision but must see that it is rigidly enforced and if there are any difficulties, these difficulties must be taken over by the Central Government, and not be allowed to interfere with the operation of a sound economic policy for the country as a whole.

17. There are other aspects of the report of the Committee on which I do not propose to dilate.

D. P. KHAITAN.

13*th September* 1943.

NOTE BY MR. E. N. MANGAT RAI, I.C.S. (REPRESENTATIVE OF THE PUNJAB GOVT.).

While the Committee's report is a fair statement of the decisions arrived at, and while I am in substantial agreement with it, there are two recommendations with which I disagree strongly and wish to record, very briefly, some reasons for so doing. These recommendations relate to—

A.—Rationing (Chapter 7).

B.—Statutory Price Control (Chapter 8).

2. A.—*Rationing.*—I do not disagree with the principle of rationing, and indeed consider that its immediate and thorough application in certain areas, particularly Calcutta, is essential to ensure populations from devastating possibilities, some of which have become grim realities in Calcutta. I cannot, however, endorse the Committee's recommendation in its present form and accept its present application—namely, the immediate rationing of *all* urban areas, with a population of over one lakh and an extension of it to the smaller areas at no very remote date. [Para. 12, Chapter 7 and conclusion (iii) para. 28, Chapter 7 of the report]. My reasons, based on practical and administrative grounds, are :—

(a) such a recommendation, in its entirety, is administratively impossible to achieve, and

(b) rationing in certain towns, particularly those situated in surplus areas, will achieve little of value, and may even interfere with the very important task of procuring surpluses for export.

My view, therefore, is that while rationing must be an essential part of present food administration, its application, in each specific case, must be carefully considered, in each area. Any attempt at a uniform application of it on a country-wide basis ignores local facts and may do more harm than good.

3. In endeavouring to substantiate this contention rationing is considered below in two aspects—

I. The Needs which Rationing meets, and

II. The Administrative implications.

No. I seeks to prove that rationing will only be of benefit under certain circumstances and No. II that in view of the administrative effort and cost involved, it is bad policy to introduce it in circumstances and areas, where little or no benefit will accrue as a consequence.

4. I.—*The Needs which Rationing meets.*—Rationing meets two needs—

(i) the need for conserving supplies, and

(ii) the need for equitable distribution.

With regard to (i), the need for conserving supplies, in view of the present food position in the country, it is necessary to save supplies in as large an area as possible. *Prima facie*, therefore, rationing would be useful. It is, however, suggested that rationing urban areas alone is not going to achieve any considerable conservation of supplies, simply for the reason that far and away the overwhelming proportion of food supplies are consumed in villages. The Committee has decided—in my opinion wisely—that it is not possible, for administrative reasons, to ration rural areas. [Conclusion (xx), para. 28, Chapter 7 ; para. 24, Chapter 7.] This being so, rationing will not fulfil the purpose of conserving supplies except to an infinitesimal extent, and it is sought to introduce it in order to meet the second of the two needs mentioned, namely, that of equitable distribution in the town concerned.

Turning to No. (ii)—the need for equitable distribution—this is, perhaps unfortunately, a very local factor. It must be admitted that there are towns in the country, surrounded by agricultural areas, where supplies, for at least a substantial part of the crop year, are adequate, and where, in view of these circumstances, equitable distribution is already achieved through normal trade agencies. It might be argued that it is unfortunate that at one and the same time, there should be a complete lack of equitable distribution in one town of the country and satisfactory distribution in another. This, however, is a fact which must be accepted in view of local circumstances of production, of transport, etc., which make such differences possible. In such towns, where there is not the need for Government to step in, in order to ensure equitable distribution, rationing will tend to be introduced in the teeth of the opposition of the people, it will involve large machinery not only to run rationing itself, but to prevent supplies coming in from the country-side, and it will achieve no object commensurate with the administrative and other work involved. In fact, Government will be stepping in to take on a responsibility and perform a function, through necessarily new, and to a large extent inexperienced and unskilled channels which is already being adequately undertaken.

5. II. *The Administrative Problem.*—The size of the administrative problem involved in rationing can be gauged by considering certain activities which will have to be performed—

(a) *Procurement.*—Rationing involves steady supplies, which will mean a Government Agency to make purchases in surplus areas of the Province, to

arrange for storage, transport, etc. In the Punjab, there are 7 towns with populations of over one lakh, involving in all a total population of 1,771,876. It is estimated that to ration these towns, the supply of foodgrains needed per annum would be 297,110 tons. The steady purchase over the whole year of these quantities is in itself an enormous task. When in addition, it is realised that the Punjab is also responsible for procuring for deficit areas, to the extent of what may, in any one year, amount to one million tons of wheat alone, and 500,000 tons of other foodgrains, it is at once evident that a task is being undertaken by Government, which has in the past, involved thousands of traders, middlemen, etc., etc. In such circumstances, it is suggested, that for Government, to take on an additional responsibility, without considering whether the benefits involved are going to be substantial, would be a grave mistake and might seriously jeopardise the efficiency of procurement for deficit areas. It would mean Government taking over the entire export trade, and a large portion of the internal trade of the Province. It seems relevant to suggest that the problem of procurement for rationing in deficit areas is somewhat different, since a large portion of the supplies for their towns come in from surplus Provinces and are consigned to official consignees, so that the onus of procurement is not on the Province itself.

(b) *Distribution.*—The Committee was informed that for Bombay city, rationing had involved the employment of 600 clerks and several officers. It was also informed that the Ministry of Food in England has 36,000 employees. These figures are some indication of the administrative problem involved in rationing. This personnel will have to be forthcoming for rationing, at a time when Governments are already strained to breaking point for personnel and when upper and lower middle-class employment is plentiful, so that men with any sort of training are almost impossible to get.

(c) *Incidental Administrative Activities.*—This will cover such action as is required for getting accurate census, for inspecting and consolidating returns of stocks, for employing inspecting staff to see that there are no surreptitious imports into the town being rationed, etc., etc. These activities alone will involve considerable personnel and cost.

The conclusion is unavoidable, that rationing will involve a tremendous strain on Government resources, both financially and of personnel. Such cost is more than worthwhile where rationing confers substantial benefits on the people, but entirely unjustified, unless such benefits are going to be conferred.

6. *Conclusion.*—My conclusions are—

(i) The primary purpose of introducing rationing in urban areas in India is to ensure equitable distribution. There is a crying need for such equitable distribution in some areas and in some towns and rationing for such areas and such towns is essential.

(ii) Rationing involves enormous administrative work in procurement, distribution, and the subsidiary activities connected with it. It should not, therefore, be undertaken where equitable distribution is already being satisfactorily done by trade agencies. This will usually only be the case in surplus areas and it is suggested that in such areas, all energy and all resources must be concentrated on the problem of procurement for export, the success of which will ensure successful rationing in towns situated in deficit areas. Procurement for deficit areas is in itself a big enough task and additional work should not be undertaken unless it is going to achieve results commensurate with the labour involved.

7. B.—*Statutory Price Control* (Chapter 8).—The Committee has recommended the introduction of statutory price control for all the major foodgrains

on an all-India basis [paragraph 9, Chapter 8 and conclusion (vi), paragraph 25, Chapter 8]. This recommendation, is, in my opinion, a mistake. In considering it, a distinction should be drawn between panic prices of agricultural commodities, such as those prevailing in Bengal at present, and prices which, though comparatively high with reference to the past, correspond more or less to the general increase in the price level. In the former case, as a result of a number of conditions, which it is not necessary to describe, prices bear no reference whatever to the general rise, and it is necessary to use the most wide-spread and rigorous administrative measures in order to bring them down. In the latter case, agricultural prices are merely an aspect of the general price position in the country and it is suggested it would be a great mistake to control prices by statute. This point can be illustrated by present prices in Bengal and in the Punjab. The price of wheat in the Punjab at present (early September) is round about Rs. 10-8-0 per maund ; in Bengal it is somewhere near Rs. 20. There is thus no economic relationship between the price in the primary wholesale market in the Punjab and that in Bengal. It is in this background that the suggestion is made that statutory price control would be wrong policy except where prices show signs or have actually responded to panic conditions.

8. The reasons for this contention are—

I. Statutory Price Control is not fair to the cultivator.

II. Statutory Price Control is inexpedient and unpractical.

Each one of these is considered separately below.

9. I.—*Statutory Price Control is not fair to the Cultivator.*—This is so for a number of reasons, which need only be mentioned briefly as the facts are well known—

(a) Past policy—during the slump period when foodgrain prices were extremely low, the cultivator had to make the best of a bad job and frequently sold below costs.

(b) Present prices—there has been an increase all-round in the prices of articles which the cultivator purchases, both as producer and consumer. The increase in agricultural prices, where panic levels have not been reached, are usually lower than that in other articles, and there is a time-lag between the rise of prices of non-agricultural articles and those of agricultural ones.

(c) Future prospects—the cultivator has been asked to Grow More Food. He has been given an assurance by the Education, Health and Lands Department that Government will step in to make large purchases if prices fall below a ' reasonable level '. The ' reasonable level ' formula makes a big demand on the charity of the cultivator, who is, in effect, being told to live on faith and hope ; the faith that Government will actively step in if prices should fall and the hope that the Government of India's conception of what are reasonable prices will bear some resemblance to his own ideas on the subject. Is such a vague assurance, without the mention of any specific price, either in terms of money or commodities, of any value to the cultivator, or, indeed to any one ?

The conclusion is that it is not equitable policy to come down on agricultural prices at present, when the matter is considered from the point of view of past practice and future possibilities. Statutory price control will meet with resentment—and, it is suggested, the justified resentment—of the largest proportion of the population, namely, those engaged in agriculture.

10. II.—*Statutory Price Control is inexpedient and unpractical.*—Some considerations under this head are—

(i) Statutory price control has been tried in the past and has been unsuccessful. There is a tremendous psychological prejudice against it, and it will be difficult to combat.

(ii) statutory price control in order to be successful involves the enormous task of proper co-ordination in the prices not only of different foodgrains in the same Province but of the prices fixed in one Province with those fixed in another. Such co-ordination would have been a possibility at the beginning of the war. At present, with panic prices prevailing in some areas, it will be an impossible task to achieve. In the absence of such co-ordination, the strain put on any system of statutory prices will be enormous and is likely to break it.

(iii) agricultural commodities come in from a legion of sources, from hundreds and thousands of small cultivators spread over very large areas. It is ultimately only going to be possible to get hold of these supplies, to the extent necessary, by following a policy which, in large measure, is based on the approval and has the confidence of the agriculturist. Statutory price control is extremely unlikely to meet with approval or with confidence.

(iv) an essential element in the successful procurement of surpluses, it is suggested, is the maintenance of confidence and such security as is possible under present conditions. The immediate effect of statutory price control is likely to destroy such confidence and security as has with difficulty been built up during the recent past, in some surplus areas. The introduction of such a measure is likely to act as a set-back to procurement.

11. My conclusion is—

(i) where panic prices prevail, or are likely to prevail, the sternest administrative measures are necessary to bring them down ;

(ii) where agricultural prices correspond to the rise in the general price level, it would be both unfair and inexpedient to control prices by statute.

E. N. MANGAT RAI,
Assistant Director, Civil Supplies, Punjab.

NOTE OF DISSENT BY THE HON'BLE KHAN BAHADUR SAIYED MUAZZAMUDDIN HOSSAIN, MINISTER FOR AGRICULTURE, BENGAL. (REPRESENTATIVE OF BENGAL GOVERNMENT.)

I agree with the findings of the Committee as set forth in the report on most of the major issues but I regret I have to differ on the following points :—

(1) The formula suggested for determining the deficit or surplus in the Chapter on basic plan is not at all sound. The figures obtained from different provinces and states according to the proposed formula will not at all indicate the relative position of different Provinces and states so far as the food question is concerned. The figures on the contrary will be hopelessly misleading. According to the proposed formula " surplus and deficits should be calculated upon the basis of current harvests plus or minus average imports and exports of the 3 years period ending on March 31, 1942, compared with *normal consumption.*" What will be taken as the normal consumption has not been specifically explained anywhere, but it is presumed to be the average of the preceding 3 years' harvests minus exports plus imports. It is true the figure of normal consumption will be truly reflected by this, but provinces with heavier population and smaller normal yield will be clearly at a disadvantage. In case of some provinces the average normal per capita daily consumption according to this calculation may be found to be only half pound whereas in case of others one pound or more. I would illustrate by an example—X, Y and Z are three provinces with a population of 1 crore, 2 crores and 5 crores respectively ; normal net yield of X, Y and Z may on the basis of 3 preceding years' yield minus

export and plus import be found to be 6 crore maunds, 8 crore maunds and 15 crore maunds respectively, which would work out at 6 maunds per head, 4 maunds per head, and 3 maunds per head per annum respectively in respect of the three provinces. If in a particular year the yield minus export plus import in respect of 3 provinces be found to be 4 crores, 7 crores and 13 crore maunds respectively, X will be held to be in deficit to the extent of 2 crore maunds or by 33 per cent., Y to the extent of 1 crore or by 12-1|2 per cent. and Z to the extent of 2 crores or by 13.3 per cent., although inspite of the apparent heavier deficit, the per capita quantity available for X will be 4 maunds per head as against 3-1|2 maunds for Y and 2-3|5 maunds for Z. According to the formula inspite of X being far better off than Y and Z, on account of its higher deficit, it will be considered to be worse off than Y and Z and will be considered entitled to priority assistance according to recommendution No. 80 of the report. It is apparently absurd on the face of it. The formula will be very unjust to the normally deficit provinces whereas it will be of great advantage to the normally surplus provinces. This injustice and anomaly can be avoided if the estimated yield of the present harvest minus export plus import be compared with the estimated requirement for consumption and seeds at a standard rate, (say 1|2 seer per head per day or 4-1|2 maunds per year and 1 maund of seeds per acre) for all the provinces with a view to finding out the estimated deficit or surplus. There is no difficulty in calculating the requirement of food consumption and seeds at standard rate for all the Provinces and yet it is not understood why the comparison should be made with the so-called normal consumption for each province, which as already shown will indicate misleading results and will not at all reflect the relative position of the different provinces and states.

(2) In para. 13 of Chapter II (Statistical position) the position of Bengal so far as its food question is concerned has not, I am afraid, been quite correctly shown. To take only the figures of preceding three years for finding out the consumption is open to objection, as out of these three years, all or two years may be bad years. If consumption is to be determined at all on the basis of quantity actually consumed, figures of 10 to 15 years should be taken. If 10 years figures are taken, the average consumption of Bengal is found to be 84.2 lakh tons. As against that we had an estimated yield of only 69 lakh tons in the last rice year (September 1942 to August 1943) ; we had no imports in that year but the export was in the region of at least 2 lakh tons and so the available quantity for consumption was 69—2=67 lakh tons as against normal consumption of 84.2 lakh tons. We were thus short by more than 20 per cent. even as compared with normal consumption. But it should be remembered that Bengal never gets its full requirements of consumption and half the population of Bengal have to live on half ration for at least 6 months in the year and this accounts for why Bengal's consumption is only 84 lakh tons though on per capita basis of 4-1|2 maunds per year its consumption should be $\frac{4\text{-}1|2\times 6}{27}$ crore tons=100 lakh tons.

To be strictly correct, any quantity short of 100 lakh tons should be taken as the deficit of Bengal and on that basis Bengal was short of food by $\frac{100-67}{100}$ $=\frac{33}{100}$ *i.e.* by 33 per cent. On per capita basis neither Bombay nor Madras would be found to be in as serious deficit as Bengal. Population of Bombay is about 3 crores only and at 4-1|2 maunds per head per annum, its standard consumption should be 13-1|2 crore maunds or $\frac{27}{2\times 27}$ crore tons or 50 lakh tons and its production last year was 46-1|2 lakh tons. So Bombay's deficit is only 3-1|2 lakh

tons or only 7 per cent. inspite of its imports having been cut off. Similarly Madras with 5 crore population will require 83-1|3 lakh tons on the standard per capita basis and its total production being 67 lakh tons it is deficit to the extent of 16 and 1|3rd lakh tons or by 19.6 per cent inspite of imports being entirely cut off.

The figures of production given in the report regarding Bombay and Madras do not show deficit to the extent of Bengal according to standard rate of consumption. According to standard rate of consumption Bengal which is normally a deficit Province, is in terrible deficit this year, but Bombay and Madras are not so seriously in deficit inspite of their imports being totally stopped, and yet according to recommendation No. 80 of the report Bombay and Madras would probably get priority over Bengal on the basis of normal consumption. I must say with regret that the comparative position of Bengal in respect of food question has not been fully realised by the Committee because of the wrong method of approach.

(3) The observation in paras. 8, 12 and 17 (iii) to the effect that " diminution in the marketable surplus through increased holding and increased consumption by the cultivators " occurred this year owing to cultivators getting good prices for their produce is entirely wrong. In para. 12 of Chapter II of the report it is stated " It is a well known fact that the majority of the cultivators are subsistence farmers and in years they get good prices for their produce, as they are getting now, they would eat more than usual and the size (the margin) which contributes to the marketable surplus would be correspondingly reduced as by reason of prevailing high prices the cultivators have to part with less foodgrains than before for paying their rents and meeting other liabilities. Prices being as high as they are the cultivators can afford to retain enough food-grains for themselves and their families even in a year of bad harvest." For examining the validity of this argument it is necessary to classify the Agriculturists. Agriculturists are of 3 board classes :—(1) Agriculturists possessing more than sufficient lands *i.e.*, holding more than mere subsistences holdings, (2) Agriculturists with just enough lands for mere subsistence and (3) Agriculturists holding insufficient lands which do not give them even their annual food. The first class of agriculturists always sell their surplus production after keeping enough for their full subsistence but their number is very limited, not perhaps more than 10 per cent. It is this class of agriculturists who get the advantage of high prices even in years of bad harvest, but they do not require to eat more in such years as they always get full meals and the question of eating more does not arise in their case. They will however amass money in times of abnormal prices and spend it either in luxuries or invest it in purchasing lands of poorer agriculturists who have to sell lands in years of bad harvests. The second class of agriculturists who get produce just enough for annual food, are not benefited by the abnormal prices in years of bad harvest, as in such years they would not get even enough for whole year's food and will not be in a position to sell at all although perhaps they may have to sell a portion of the crops for payment of rent and meeting other urgent charges. The fact of their parting with less crops for payment of rent and other charges will be of little advantage to them, as it will be a set off against the short harvest they reap in a year of bad harvest, and the high prices they pay for other necessaries of life as prices of all commodities sympathetically rise with the rise in the price of rice. Such agriculturists in a year of bad harvest have again to purchase crops for food at perhaps still higher rates towards the end of the year and so it is impossible for such people to eat more in a year of bad harvest. Then comes the third class—the holders of uneconomic area—they are always in deficit in respect of their food and in years of bad harvest, they will be still worse off and so it will be absurd to think that they could eat more because of high prices. The theory that on account of high prices in a year of

bad harvest the cultivators would eat more thus falls to the ground. Cultivators eat more in years of plenty only, even though the prices be low and it is only agriculturists of second and third class who eat more in such years and such more eating in years of plenty does not affect the food situation. The observation regarding cultivators' eating more has been slightly modified at the time of consideration of the report but even then it supports the theory that the agriculturists would eat more in years of high prices than in years of depression which is absolutely wrong, and which for the reasons given above I cannot accept as correct.

S. M. HOSSAIN,
Minister for Agriculture, Bengal.

The 10th September, 1943.

MINUTE BY SIR PURSHOTAMDAS THAKURDAS, C.I.E., M.B.E.

In the ordinary course I would not have felt justified in signing this Report owing to my unavoidable absence from all meetings of the Committee except five, but the problem before the country, as it has developed since the appointment of this Committee, is so serious that I feel it my duty to put my views before Government on the subject entrusted to the Committee. Although I was not present at the meetings where the Committee discussed, and took, their decisions embodied in this Report, they were good enough to extend to me the latitude of putting my views before them at their meetings on 6th to 8th instant, where some of these conclusions were reconsidered, and I wish to express my appreciation to them for this courtesy.

2. The urgent need of the moment is how to make the four foodgrains recognized as cereals available to the country at large, without embarking upon an elaborate scheme for distribution for which the country has neither the statistics nor the administrative machinery to permit of any scientifically laid out plan efficiently to tackle such a grave crisis. I am convinced that there is not the time to permit of any conclusive discussion regarding what should suit the country best under the unenviable condition in which the country has been placed by many circumstances which prevail at present, *e.g.*, defective and insufficient transport, complicated by urgent requirements of military needs and complete absence of any statistics worth reliance.

3. There is a tendency to fasten the blame for the existing situation on a class of people called hoarders and make a scapegoat of them. Whether there is sufficient foodgrains in the country as a whole or not is a matter of pure guess work on the part of the authorities and|or such organizations as take an interest in this question. The one clear and undisputed fact facing us at present is the enormous rise of food prices and the scarcity of foodstuffs even at such prices. Foodgrains are available in one part of the country and cannot be carried to that part of the country which needs same. It is a fact that foodgrains have been withheld for higher prices by hoarders—either the grower himself or the middleman. As to the quantum of such hoards, nobody seems to have any knowledge whatsoever.

4. If Government had fixed a maximum rate for foodgrains as soon as scarcity for same made itself felt and if the prices fixed for such foodgrains were sufficiently tempting to persuade the grower to grow more, hoards by growers would have been avoided and there could have been no temptation to the middleman to hoard grain. But this ideal to be achieved would have necessitated a sufficiently broad policy by the Government to compensate the grower

of foodgrains approximately adequately, by fixing a price in keeping with the prices for other articles of consumption as prevailing. Further, it would have necessitated an efficient machinery to (1) enforce the maximum prices fixed and (2) assure reasonable distribution. But in the admitted absence of such a machinery, the only way open to Government would appear to be to import more foodgrains from abroad, and, to almost dump it on the Indian market at such price as Government thought would ensure reasonable return to the grower, without unduly inflating the economic structure.

5. Here it is necessary to have a clear idea as to what would be an unduly high price of foodgrains, as distinguished from a price which would ensure a fair return to the grower. Unfortunately, there is no standard of judging a fair price to the growers of the various raw produce of India even in normal times. If the Government of India have, after a hundred years of orderly government in India, any such figures available, they may well put forward such figures for the various food products of India, say, upto the period of the outbreak of this War. And, to lay down any such price during the war period, especially during the last two years, for any raw produce, it would be necessary to bear in mind, to a reasonable extent, the cost to the grower of growing a raw produce even in normal times. In the absence of such fundamental figures being available to the Government, it is no wonder that the Governments—both Central and Provincial—groped in the dark, and are doing so even today, regarding the fixing of a reasonable maximum price for any produce. To give an example, the Government of India thought Rs. 5 per maund a fair price for wheat about the time prices of foodgrains started to stiffen after the beginning of this war. It is understood that the Government of the Punjab protested against this and would not accept this figure. The Central Government haggled with the Punjab Government for a few months, and a vacuum in supplies started from then. Eventually the Government of India can be said to have almost lost either their patience or their nerve, and the so-called ' paper ' control was lifted, with the result that the price at once shot up to anything upto Rs. 12 per maund. This is bound to have very serious repercussions on the grower, and particularly on the intermediate grain dealer. As soon as the so-called wheat control was lifted, it gave an extraordinarily bad lead to growers of other foodgrains and a vicious circle started. Even today, one hears of the Minister in charge of Agriculture, Punjab, going round and preaching to the grower not to part with his wheat at the current prices but to hold up supplies for higher prices, and, according to one newspaper report, the price indicated by the Punjab Minister was Rs. 15 a maund.

6. Such an occurrence cannot but have a most undesirable reaction on all concerned, namely, the grower, the middleman, and the consumer—the first is helped in his tendency to part with as little as possible ; the middleman is definitely encouraged to keep back as much as he can and to demand a bigger margin for his normal turnover ; and the consumer begins to get nervous and to lay in stocks for any contingency which may prevail. And, with all this, the experience till now has been that any excuse to put up prices has come handy to the grower or the middleman. The people at large get the impression that the Central Government has, for all practical purposes, abdicated their authority in this respect and that each Provincial Government or State Administration is invited to emphasize its own requirements, which naturally are estimated on a generous scale. Under such conditions of growing economic chaos, it is hardly for a non-official, individual or Committee, to decide whether the Central Government can exercise greater political power over the Provinces or States which have a surplus of foodgrains. Until reliable data regarding the costs of production are collected and verified by each Provincial

Government, and a Committee of economists at the Centre advises the Central Government as to the addition which must be put on to such cost for the extra out-of-pockets to the grower to get his other requirements, and this latter is generally approved by Provincial Governments, there is bound to be a tug-of-war between the Centre and the various units—Provincial or Indian States. Under such a contingency, the best course is, pending the collection of the figures indicated above, to import wheat from abroad, *e.g.*, Australia, and to put it on the market here in such sufficient quantity as to bring down the price of foodgrains to such a level as may fit in with the policy of the Central Government regarding the control of prices. This strikes me as the only, and, undoubtedly, the most effective method, under the circumstances, of handling the situation. Disputations with Provincial Administrations or the convening of Conferences without adequate and accurate data will lead nowhere, and would only make confusion worse confounded, while the existing uncertainty deepens and the situation continues to deteriorate. What is, therefore, needed is action—and swift and considered action. I am, therefore, confirmed in my conviction, which I have held for well over a year, that the Government of India have not followed the right policy with real drive and determination in tackling this question.

7. It may be urged that in the recommendation made above, I have not taken full cognizance of the difficulty of securing ocean freight for importing wheat from Australia. I am not unaware of this, but ocean freight is completely under the control of H. M. G., and, with their help, the Government of India can overcome this difficulty, in view of the seriousness of the position in the country. Indian supplies have been freely drawn upon for the last three years for Military (and even civil*) requirements, and India will become even a more important base of military operations than ever before. Her grain requirements must, therefore, have the highest priority, both from the military and the civilian point of view. Fortunately we have supplies of grain available fairly near India, namely in Australia. Canada and America have also surplus wheat, but they are not so easily accessible. Besides, the monsoon has lately been favourable and Nature has hitherto been kind. In the circumstances, I feel that the problem before the Government of India is not altogether insoluble. Apart from the immediate effect that such imports are likely to have on the country, from the point of view of the Government itself, the vicious spiral of rising prices will also be favourably affected, for it goes without saying that the Government would be in a position to distribute the imported grain at considerably cheaper prices than prevailing at present. It would also mean a freer circulation of goods in the country, for the tendency to hold back supplies would be dissipated or substantially mitigated by the fact that supplies are coming in, in a steady flow, and can be replenished in the hands of the traders. If there is a temporary delay in imports, or a setback in same owing to an untoward development in the war situation, if the people are assured definitely that the Government of India's policy, with the assistance of H. M. G., is to import sufficient quantity so as to make foodgrain available at a price fixed by the Central Government after

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* *e.g.*, Sir Francis Joseph, Chairman of the U. K. C. C., is reported to have said in London that the prompt shipment of Indian wheat spared Persia the rigours of famine in the spring and early summer of 1941.

Lord Wavell, the Viceroy-designate, speaking at the Pilgrim Luncheon in London on the 16th instant, said :—

> "During all the first period of the war, India was facing the west and sending all her troops and material including much railway material and rivercraft, of which she is now feeling a lack severely, to help our cause in the Middle East."

an enquiry as indicated above, there would be valuable confidence restored. Hoarders will, after such an unequivocal declaration by the Central Government of their policy, be dissuaded from their hazardous experiment and be inclined to part with their stocks. For, indeed, no one wishes to hoard foodgrains at prices prevailing during the last six months except on the chance of an *early* rise in the price of foodgrains. I, therefore, put the strongest possible emphasis on this recommendation as the one most calculated to relieve the present situation. Any other method, which is based upon accurate statistical data or for the perfection of the distributive machinery, means time ; and, time, is the one thing, which cannot be spared at present.

8. At the present stage the food question resolves itself into two broad divisions, procurement and distribution. Regarding procurement, I have dealt with the most important branch of it, and it strikes me that much of the trouble and confusion till now could have been avoided if it was clearly realised, and, acted on, that while procurement on an adequate scale could, to a large extent, be a solution of the problem of distribution, the best system of distribution could by itself be no solution of the problem of supplies. Without minimising the importance of distribution, I am convinced that the procurement of adequate stocks is very much more important than the rectification of any defects in distribution or distributive machinery. Celerity in the former is needed most, and first, and so soon as achieved, would automatically affect favourably the sentiment in the bazars. The effect of elaborate schemes of working out precise ration quotas will not allay the anxiety of the people ; they only increase their apprehension and make the people incline to exaggerate the magnitude of short supplies. The success of rationing in Britain is no index of its suitability here. It is clear that in Britain the spade work for a system of rationing had been completed and the administrative machinery perfected nearly months before the outbreak of the present war. The U. K. Government had accumulated stocks of foodstuffs and has been paying huge subsidies for the Food Department. All these desiderata are admittedly absent in India. My Colleagues are able to recommend rationing only in respect of urban areas with a population of a lakh or more, which means that over 90 per cent. of the people are excluded from what purports to be a scheme of fair equitable and effective distribution. There is a serious danger that in a country which has been economically living on the border lines of subsistence, rationing calculations may not only go astray but may actually have the effect of rendering the rural areas destitute and utterly helpless and driving the rural population to the towns, as has been recently happening in Calcutta. The problem, to repeat once again, is primarily and predominantly one of supplies, and then of effectively distributing them.

9. I should like to draw attention to the feeling of dissatisfaction prevailing in surplus Provinces, because they feel that, while they have to part with their surpluses at rates fixed by the Central Government, no reasonable check exists to ensure that such foodgrains are made available to the consumer in the deficit Provinces at cost plus necessary out-of-pocket overheads. When they hear, for instance, that such grain may go in export through commercial organizations, particularly like the U. K. C. C., to foreign countries, where it is in demand, for the civil population of such countries, at unheard of margins, they smart under the feeling that their interest is being sacrificed to the greed of either (1) influential export organizations like the U. K. C. C. or (2) middlemen in deficit Provinces without satisfactory machinery of distribution. Intelligent agriculturists or their Ministers in surplus Provinces cannot be expected to tolerate what they regard as exploitation of the growers, not for their fellow-brethren in distress in India, but for the civil population abroad, or for the intermediary agencies in India. Total prohibition of exports for any but the most immediate needs of the Military abroad should be the definite policy of the Central Gov-

ernment without any equivocation. With this, if distribution in deficit Provinces is ensured through reasonably efficient machinery, either official or non-official, reluctance to release grain at reasonable rates, to be arrived at as indicated above, on the part of surplus Provinces may well be expected to disappear. The existing tendency on the part of some surplus units to export their surplus to deficit Provinces, with an additional margin for Provincial Governments, is wholly indefensible and has already shown its highly contagious tendency. It requires to be checked as far as possible by persuasion, and if it is done after conviction that the grower concerned is being treated equitably, and the price fixed as sugegsted above, it cannot, in reason, be objected to. Any slackness in enforcing the correct policy in this connection would obviously be undesirable and a proof of weakness on the part of the Centre.

10. Regarding the other suggestions in the Report, as for instance, ' Grow More Food ' campaign, making more fertilizers available to the grower, securing more agricultural machinery, improvement of irrigation and other facilities, owing to my inability to take part in the discussions when these were considered, I refrain from making any observations. All these recommendations of the Committee are really long term suggestions, and, however urgent and desirable in themselves, will neither affect the existing crisis nor yield any immediate result. The most important problem before us at the moment is the application of an effective and immediate remedy for the conditions in the country as they are and in the circumstances in which they prevail. I must, however, stress the fundamental importance of the transport machinery of the country such as it is, road, water, or rail, being adapted fully to the requirements of food supply without hesitation. Next to procurement, quick and efficient transport without ' bukshees ' is of the greatest importance and unless this is fully borne in mind, history may repeat itself and what is said to have happened in the terrible famines of the early Eighties of last century may recur. The Hon'ble Sir Edward Benthal, Member in-charge of the War Transport Department, was good enough to meet the Committee on 8th instant and it was clear to me that he did not require to be impressed with the gravity of the situation, as he assured the Committee that efforts are being made by his Department to see that transport does not fail when foodgrain are available for the deficit areas.

11. I would like to add a word regarding the personnel, particularly that section which is responsible for the higher direction and formulation of the policy of the Food Department of the Central Government in respect of these extremely difficult and urgent problems. Without meaning any disrespect to any of the personnel hitherto charged with the administration of the Food Department, I would be failing in my duty if I did not emphasize the necessity for these being Indian, inspired by a spirit of service to their fellow-countrymen, and preferably with experience of Provincial and State administration. It is very necessary that the personnel selected to buy cereals in the Provinces should also be sons of the soil, and in this connection I would draw attention to the correspondence between the Government of India and the Federation of Indian Chambers of Commerce and Industry since March last. The Food Department selected non-Indian firms, though it is known that the distribution of foodgrains in India has hitherto been entirely in Indian hands. It is futile to expect persons engaged in a trade for decades to reconcile themselves to be thrown out of their normal avocations, or content themselves with playing a subordinate role in a sphere peculiarly their own, and where they would, if selected with care and prudence, work in a spirit of service and sacrifice for their fellow-countrymen in their moment of great distress. I am aware of at least two Provincial Governments which have been completely satisfied with the work of the Indian firms which were entrusted with the task of procurement, and I know one Indian firm working in a spirit of service for the last few months in one Province to the entire satisfaction of the local Administration.

12. A dispassionate review of the results of Government efforts to control foodgrains shows that the class of people which have benefitted the least are the poorest section of the people for whom these controls were ostensibly instituted. The greatest beneficiaries on the other hand, are the Defence Department agencies of the U. K. C. C., and the well-to-do class who could afford to get their requirements from the numerous and flourishing black markets where even the Government is reported to have frequently resorted, for procuring their own needs. These phenomena must be primarily ascribed to the extremely defective system of distribution operating in the various Provinces. With insufficient and unreliable statistical data available on the subject of production and consumption of foodgrains, and the inept and unsatisfactory machinery for distribution, it would be a blunder of the first magnitude for Government to continue to work on the same lines as hitherto. Until the distributive machinery is adequate and the Provincial Administrations are satisfied that their own requirements, regarding the interests of the growers, are properly considered, and not unduly sacrificed, the only measure which would restore confidence is for the Central Government to supplement the resources of the country by substantial and speedy imports of wheat from abroad. The introduction of systems which have been in vogue, and worked successfully, in the U. K. are bound to lead to further confusion and deterioration of the situation, apart from the immense scope it is likely to afford for bribery and corruption which have been rampant at every stage in the existing distributive machinery. The disposition to procure and distribute supplies of foodgrains merely by the issue of ordinances, notifications and decrees must be discouraged, not only because these have proved utterly ineffective, and certainly not enhanced the prestige of the Administration, but because they are not at present the proper approach for the solution of the enormous problem which faces the Government and the people at the present moment. It is necessary, in conclusion, to mention that Governments, both at the Centre and in the Provinces, in intimate touch with the people, would undoubtedly bring about an easier and more effective solution of the problem than is the case at present.

PURSHOTAMDAS THAKURDAS.

WOODVILLE, SIMLA E,

The 19th September 1943.

L14FGPC--500—30-12-43—GPIS.

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on 01 February, 2020